



## ECONOMIC DEVELOPMENT ADVISORY BOARD MINUTES

November 4, 2025

The Economic Development Advisory Board of the City of Mesa met in the boardroom at 120 North Center Street, on November 4, 2025, at 7:30 a.m.

### BOARDMEMBERS PRESENT

Kurt D. Ferstl  
Michelle Genereux  
Charles Gregory\*  
Anthony Ruiz\*  
Frank Sanders  
Andrew Schreiner  
Susan Stephensen

### BOARDMEMBERS ABSENT

J. Steven Beck (excused)

### STAFF PRESENT

Jaye O'Donnell  
Amanda Elliott  
Maribeth Smith  
Rob Stirling

### EX-OFFICIO MEMBERS PRESENT

Mark Freeman, Mayor  
Scott Butler, City Manager  
Richard Blake\*  
Sonny Cave  
Mark Drayna  
Natascha Ovando-Karadsheh

### EX-OFFICIO MEMBERS ABSENT

Sally Harrison (excused)

### GUESTS

Andrew Cheney  
Michelle Gulick

(\*Participated in the meeting via video conference equipment)

#### 1. Call meeting to order.

Chair Michelle Genereux called the meeting to order at 7:30 a.m.

Chair Genereux excused Board member Susan Stephensen from the beginning of the meeting. She arrived at 7:32 a.m.

#### 2. Items from Citizens Present.

There were no items from citizens present.

#### 3. Approval of minutes from the October 7, 2025, Economic Development Advisory Board meeting.

It was moved by Board member Frank Sanders, seconded by Vice Chair Kurt Ferstl, that the October 7, 2025, Economic Development Advisory Board meeting minutes be approved.

Upon tabulation of votes, it showed:

AYES – Ferstl-Genereux-Gregory-Ruiz-Sanders-Schreiner

NAYS – None

ABSENT – Beck-Stephensen

Chair Genereux declared the motion carried unanimously.

4. Hear an office market update presentation, followed by a discussion.

Andrew Cheney, principal with the Coppola-Cheney Team of Lee & Associates, presented an update on the metropolitan office market. He reported that the previous year reflected the worst net absorption on record, totaling approximately negative 2.1 million square feet. Year-to-date performance showed 500,000 square feet of positive absorption, largely driven by new development in the north Phoenix submarket. He noted that rents remained elevated, which continued to justify new construction costs, with most new builds being owner-user projects. Metro-wide vacancy rates measured approximately 19.5%, with Mesa's vacancy slightly higher, including sub-lease space, at 24%. Mr. Cheney anticipated that vacancy would hover in the low-20% range for an extended period.

Mesa's downtown area recorded approximately 35,000 square feet of negative absorption, though its 12.5% vacancy rate remained below the metro average. He reviewed recent sales examples, noting that older office buildings trended at approximately \$70 per square foot, stating that pricing had declined since 2022 and was now below replacement cost. Mr. Cheney reported that many professional firms, including law firms and technology companies, continued to downsize due to remote-work preferences. Owners seeking to stay competitive were investing in amenity upgrades, lobby renovations, and delivering move-in-ready spec suites. Some owners were converting older office properties to industrial use, depending on product type, functional obsolescence, and location. Buildings approaching 30 years of age or older were most likely to face demolition or repurposing, often based on aesthetics more than structural issues. (See pages 1-10 in Attachment 1)

A sublease update showed that sublease availability rose from 2 million square feet at the start of COVID-19 to a peak of 7 million square feet, with some absorption occurring since then. Current sublease availability stood at approximately 5 million square feet (roughly 2.5x pre-pandemic levels). Mesa's east and downtown submarkets had no meaningful sublease inventory. Recent Mesa transactions reflected office rents in the low to mid-\$20s for dated buildings. (See pages 11-50 in Attachment 1)

Mr. Cheney reported that properties with strong amenity packages leased first, while less-amenitized "island" office buildings lagged. He explained that no consistent multiplier existed for mixed-use adjacency, but proximity to retail and lifestyle features strongly influenced tenant decisions. He noted that younger workers often preferred remote work, but short commutes, curated environments, and turnkey spec suites helped attract employees back to the workplace. (See pages 51-69 in Attachment 1)

Mr. Cheney shared updates on specific Mesa projects including:

- **Union (Built-to-Suit Project)** – Currently touring prospective tenants. Although site is somewhat isolated from amenities, comparable buildings in Tempe had leased successfully.
- **Waypoint / Kimley-Horn Building** – This development is fully leased since a major tenant recently chose to renew. Rents remained lower in older product but were considered stable.
- **Mesa Grove (East of Fiesta District)** – A 70,000-square-foot plug-and-play opportunity initially marketed for industrial use; back-office groups had recently shown interest.
- **Gateway 202 – North Site (12 acres)** – Site positioned for employment uses.

Mr. Cheney summarized that few large users were currently active and that tenants were not yet done giving back space. Class A owners were continuing to invest in amenities and spec suites. Some distress existed in the market, but Mesa experienced less distress than other submarkets. (See pages 70-83 in Attachment 1)

Mayor Mark Freeman asked what actions Mesa could take to improve underperforming office areas, reiterating that industrial development brought jobs to Mesa and that Mesa's housing supply remained affordable relative to the Valley. Mr. Cheney recommended that Mesa highlight strong demographics, schools, and workforce quality as well as amplify the Union and Waypoint developments.

Board member Natascha Ovando-Karadsheh noted Mesa's historical lack of Class A inventory and asked where new commercial development should concentrate. Mr. Cheney suggested preventing tenant out-migration by developing clusters of 30–50K square foot spec-suite-ready buildings along the US-60 and Fiesta District and expanding quality office and retail pockets, such as the Stapley Center. He shared that Mesa's distance from central Phoenix remained a leasing challenge, so he emphasized the importance of creating high-quality experiences to offset this.

Jaye O'Donnell, economic development director, discussed opportunities to re-envision the Union site consistent with a "live-work-play" model. Mr. Cheney agreed that many positive conditions already existed and encouraged the City to amplify its messaging.

Chair Genereux thanked Mr. Cheney for the presentation.

5. Hear a presentation from First Things First on business community engagement to support early learning and childcare in Arizona, followed by a discussion.

Melinda Gulick, CEO of First Things First, presented on the importance of early childhood education and childcare in Arizona, emphasizing its long-term benefits for the state's sustainability and growth. First Things First is Arizona's early childhood agency which is committed to healthy development and learning from birth to age 5. It was created by voters in 2006 and funded by tobacco tax. Their three focus areas are quality childcare, strengthening families, and preventative health. She shared that 90% of brain growth happens in the first 5 years. (See pages 1-2 in Attachment 2)

Ms. Gulick presented data on childcare accessibility and affordability challenges in Arizona, highlighting that 60% of children live in dual-income households, with childcare costs exceeding 30% of family income. She emphasized that 30% of income toward childcare was far above the 7% level typically considered affordable and that this exceeded the cost of many college educations. She asserted that such conditions were not economically sustainable. The economic impact of these issues was discussed, noting that families lose \$3 billion annually in earnings and job search expenses, while employers and the state lose \$958 million and \$725 million respectively. Successful Arizona community-based solutions were highlighted in Pima County and Tempe, emphasizing the importance of quality childcare for workforce retention. Ms. Gulick highlighted the economic impact of First Things First, and mentioned ongoing initiatives to increase funding, including efforts to close a loophole in tobacco tax products. (See pages 3-11 in Attachment 2)

Board member Sonny Cave commented that the CHIPS Act included conditions for on-site or near-site childcare and inquired what other funding opportunities might be available. Ms. Gulick replied that childcare was seen as a critical part of the CHIPS Act although funding has stalled. She added that the Department of Economic Security was recently allocated \$45M to support childcare subsidies, which held off the waitlist by one month, though 9,000 families remained on the waitlist.

Board member Ovando-Karadsheh inquired about educating parents on the importance of early learning. Jackie Grainger, chief of marketing at First Things First, outlined efforts to educate parents through social media channels, YouTube Shorts, an online parent kit, and increased outreach to Spanish-speaking families. Ms. Gulick also noted a partnership with Candelen for the Family, Friend, and Neighbor (FFN) program, offering training on early childhood interaction skills and kindergarten readiness. Ms. Gulick highlighted Mesa's strong early childhood ecosystem through Mesa's Family Resource Center and the opening of the Bezos Academy, a free Montessori-based Pre-K, as evidence of both need and community commitment.

Ms. O'Donnell raised concerns about the lack of childcare spots and rising lease rates for childcare providers, leading to potential business closures. She committed to following up with Ms. Gulick and Sarah Tolar, City of Mesa education and workforce administrator, to explore support options and report back to the Board.

Board member Frank Sanders inquired if underutilized school buildings could be an option to offset facility costs. Ms. Gulick responded that some communities were doing so, though the greatest childcare shortage statewide was in the infant to age 2 range, which required specialized spaces.

In closing, Ms. Gulick encouraged employers to connect through First Things First Child Care Solutions for Businesses page to find resources to support employees, calculate the financial impact this shortage had on their business, connect with First Things First to learn about community-based solutions, and advocate for more public support. (See pages 12-13 in Attachment 2)

Chair Genereux thanked Ms. Gulick for the presentation and commitment to the community.

**6. Economic Development Director's current events summary including conferences attended.**

Director O'Donnell highlighted upcoming ribbon cuttings and groundbreakings including KTR (Kids that Rip) at Cannon Beach - the ultimate indoor action sports playground, Miniso located in the Mekong Plaza expansion, the FlightSafety International groundbreaking, and the XNRGY ribbon cutting.

Ms. O'Donnell commented on a recent international sales mission to SEMICON Taiwan with the Arizona Commerce Authority (ACA). The delegation visited the TSMC Newcomer Training Center, which opened in 2021, and trained 56,000 individuals over the past four years. The delegation also provided community pitches to Taiwanese companies and spoke about the differences in building and operating in Arizona versus Taiwan. Wednesday through Friday the delegation attended SEMICON Taiwan. There were 1,200 exhibitors. China Airlines and Starlux announced direct flights between Taiwan and Phoenix beginning in December and January, respectively. The Office of Economic Development was working with the ACA on

a mission to SEMICON Japan in December with city leadership. Representatives from the Office of Economic Development are attending SEMICON West this week. California and Arizona will alternate hosting the conference annually. Day one's attendance in Phoenix included more than 20,000 attendees.

At the recent International Economic Development Council (IEDC) Conference the department was recognized in the gold category for best print brochure - Asian District. Ms. O'Donnell reported FY25/26 business attraction achievements which included 16 company locates, 1,700 jobs with an average wage of \$72,000, and \$8.5M in capital investment.

7. Introduction of new business to be discussed at a future meeting.

No new business.

8. Schedule of meetings.

The next Economic Development Advisory Board meeting is scheduled for December 2, 2025.

9. Adjournment.

Without objection, the Economic Development Advisory Board meeting adjourned at 8:54 a.m.

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Economic Development Advisory Board meeting of the City of Mesa, Arizona, held on the 4<sup>th</sup> day of November 2025. I further certify that the meeting was duly called and held and that a quorum was present.

Submitted by:



Jaye O'Donnell  
Economic Development Director

ms

(Attachments – 2)

# MARKET UPDATE

November 2025

[www.c2brokerage.com/](http://www.c2brokerage.com/)



**c2** COPPOLA·CHENEY a team within:

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**Kaeli  
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Assistant



PROSPECTING

**Jaiden  
Fortune**  
Researcher



PROSPECTING

**Parker  
Dunn**  
Analyst



TEAM OPS/  
PITCH/PREP

**Chelsea  
Clifton**  
Director of  
Operations



REPORTING

**Allie Cebray**  
Project  
Coordinator



CRM

**Mary  
Henk**  
Database  
Manager



MARKETING/  
PITCHES

**Peter  
Ovens-Brown**  
Graphic  
Designer



VISION

**Craig Coppola**  
CCIM, CRE, SIOR  
Founding Principal



TOUR/LEASE  
NEGOTIATIONS

**Andrew Cheney**  
CCIM, CRE, SIOR  
Principal



TOUR/LEASE  
NEGOTIATIONS

**Gregg Kafka**  
CCIM  
Principal



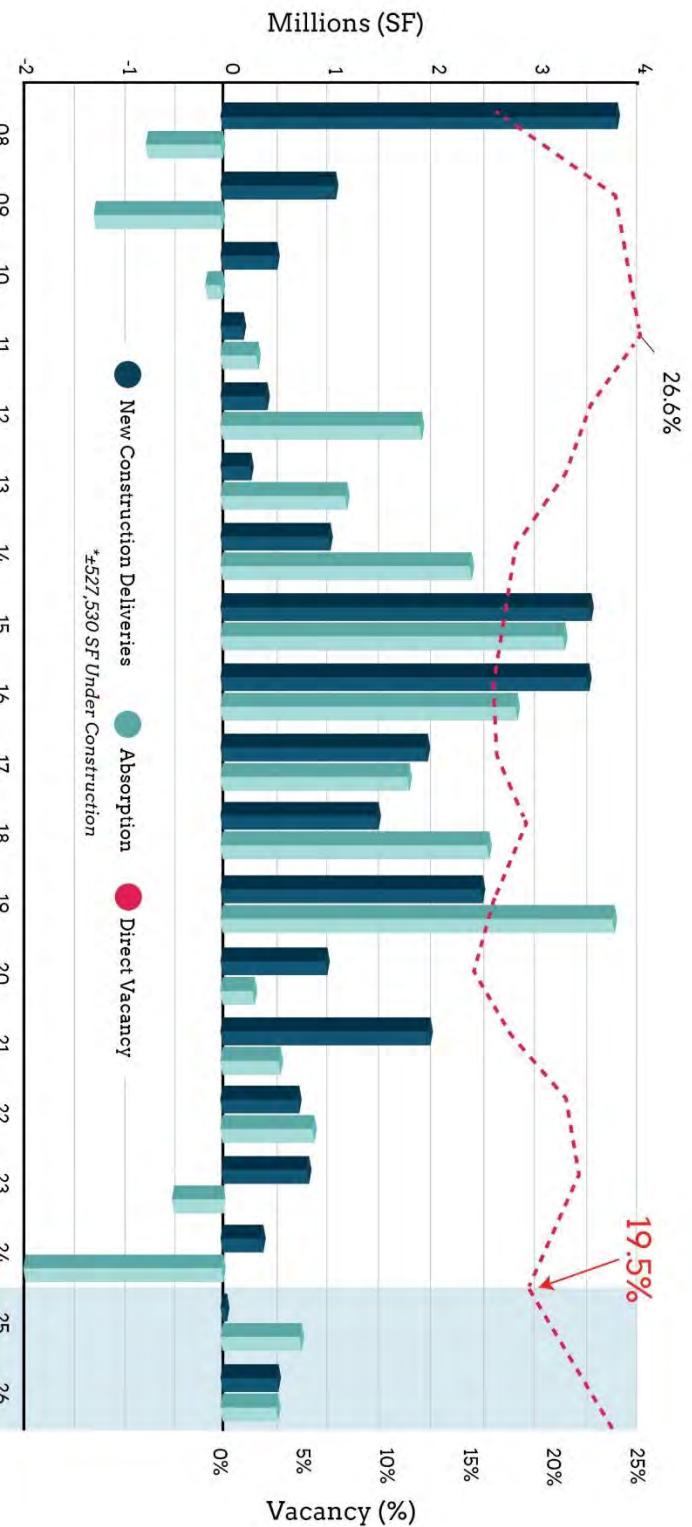
TOUR/LEASE  
NEGOTIATIONS

**Nick Whitehouse**  
Associate



# Phoenix Metropolitan Office Market Overview

# PHOENIX METRO OFFICE MARKET OVERVIEW



## Net Absorption:

2021: 540,252 SF (Covid)

2022: 775,813 SF

2023: (484,855) SF

2024: (2,125,250) SF

2025

Q1: 398,769 SF

Q2: (77,780) SF

Q3: 120,763 SF

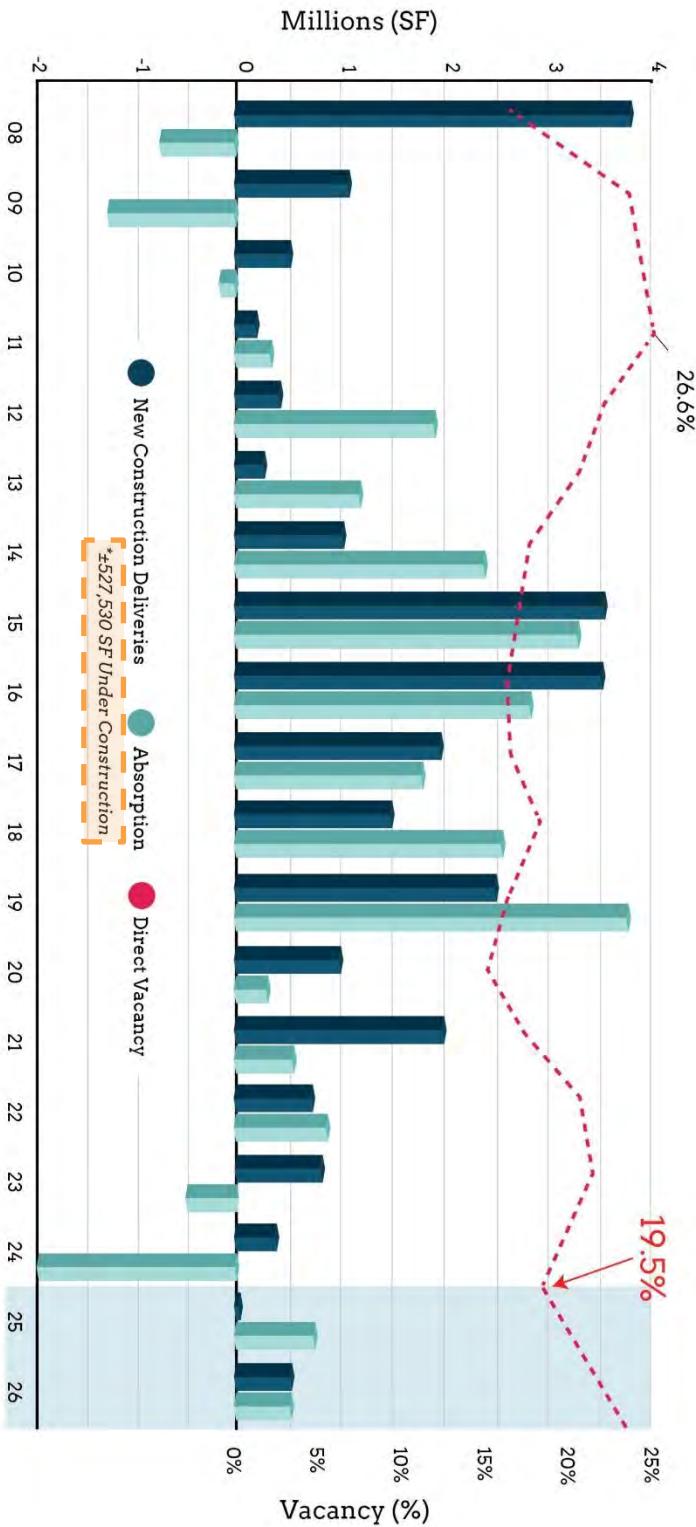


COPPOLA·CHENEY *a team within:*



LEE &  
ASSOCIATES  
COMMERCIAL REAL ESTATE SERVICES

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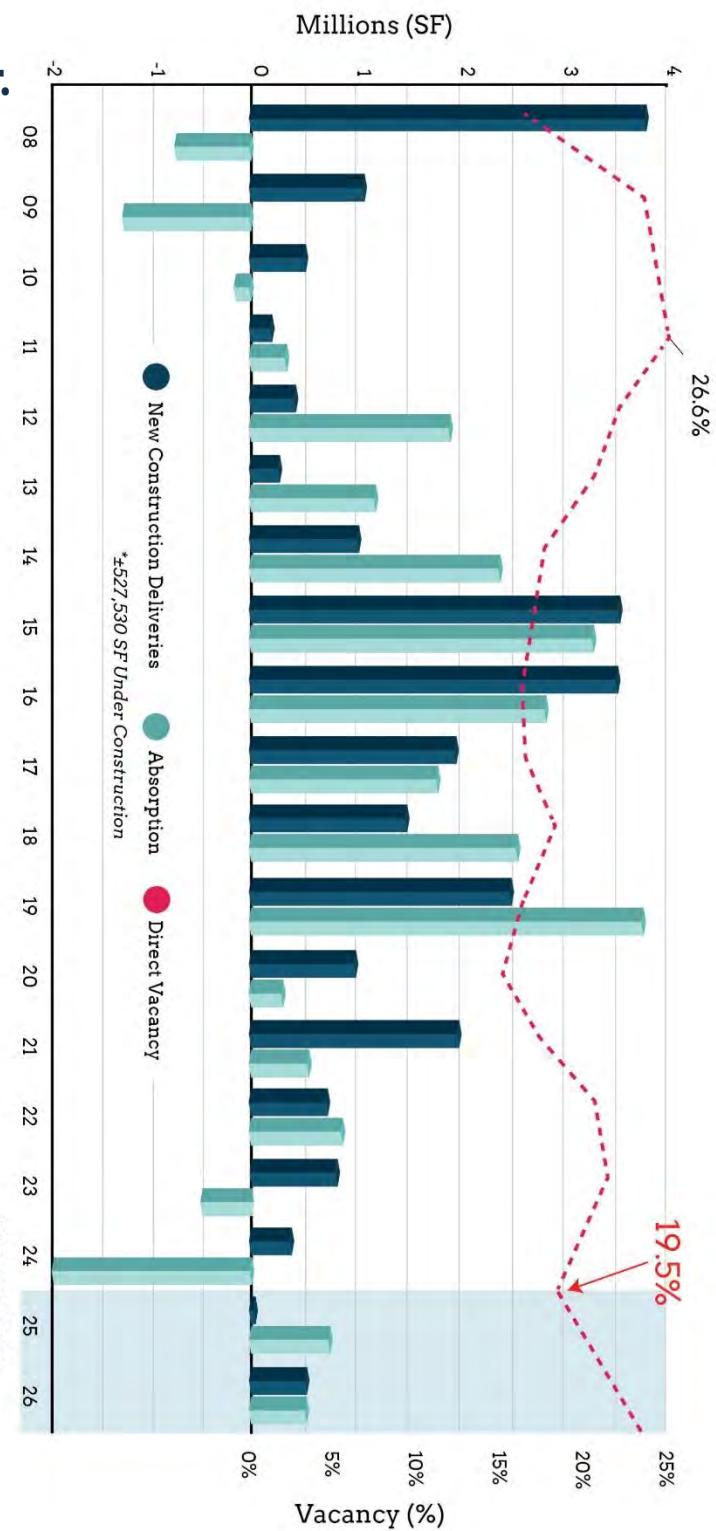


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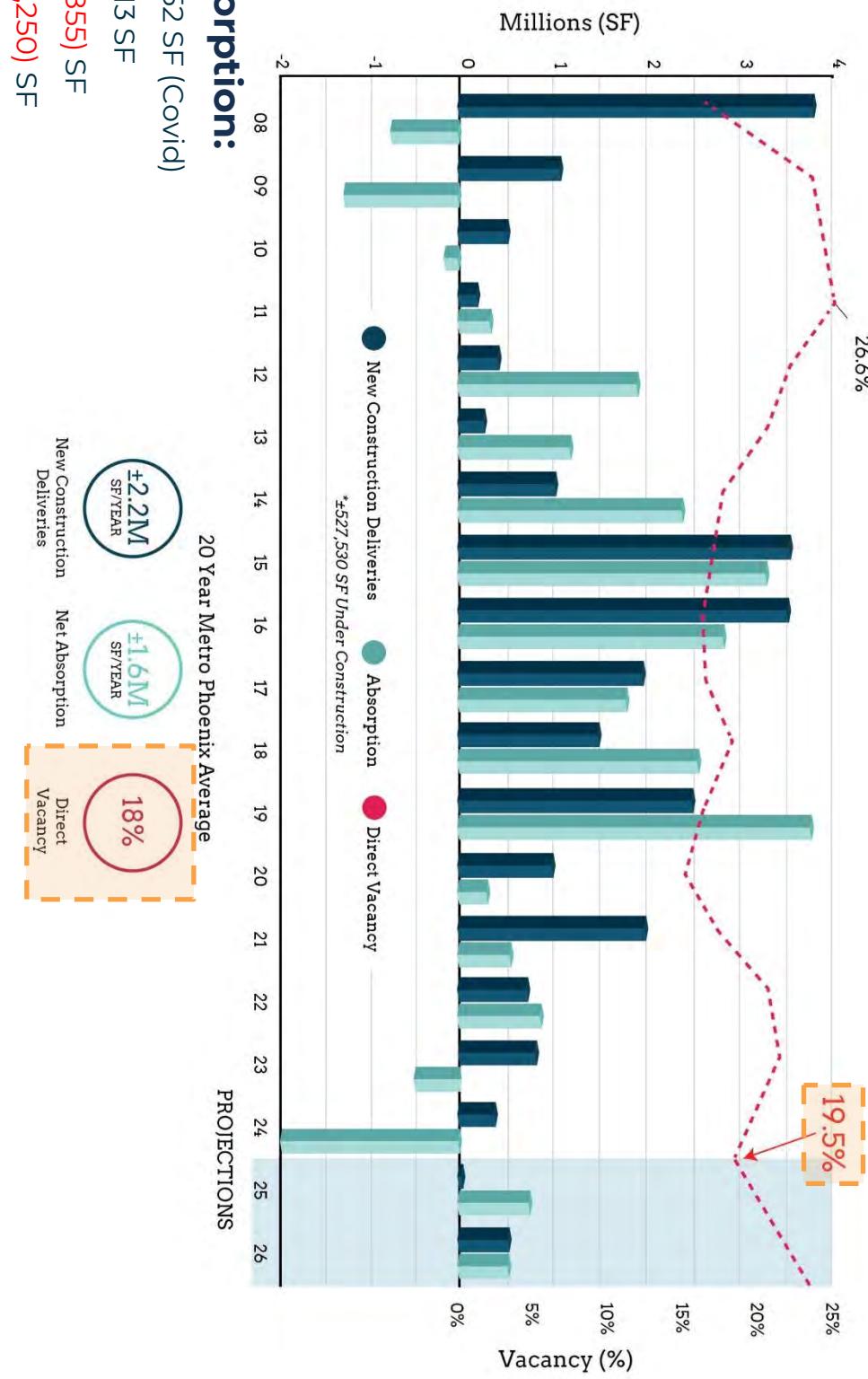
Q2: (77,780) SF

Q3: 120,763 SF

**COPPOLA·CHENEY** a team within:

**LEE & ASSOCIATES**  
COMMERCIAL REAL ESTATE SERVICES

# PHOENIX METRO OFFICE MARKET OVERVIEW



2025

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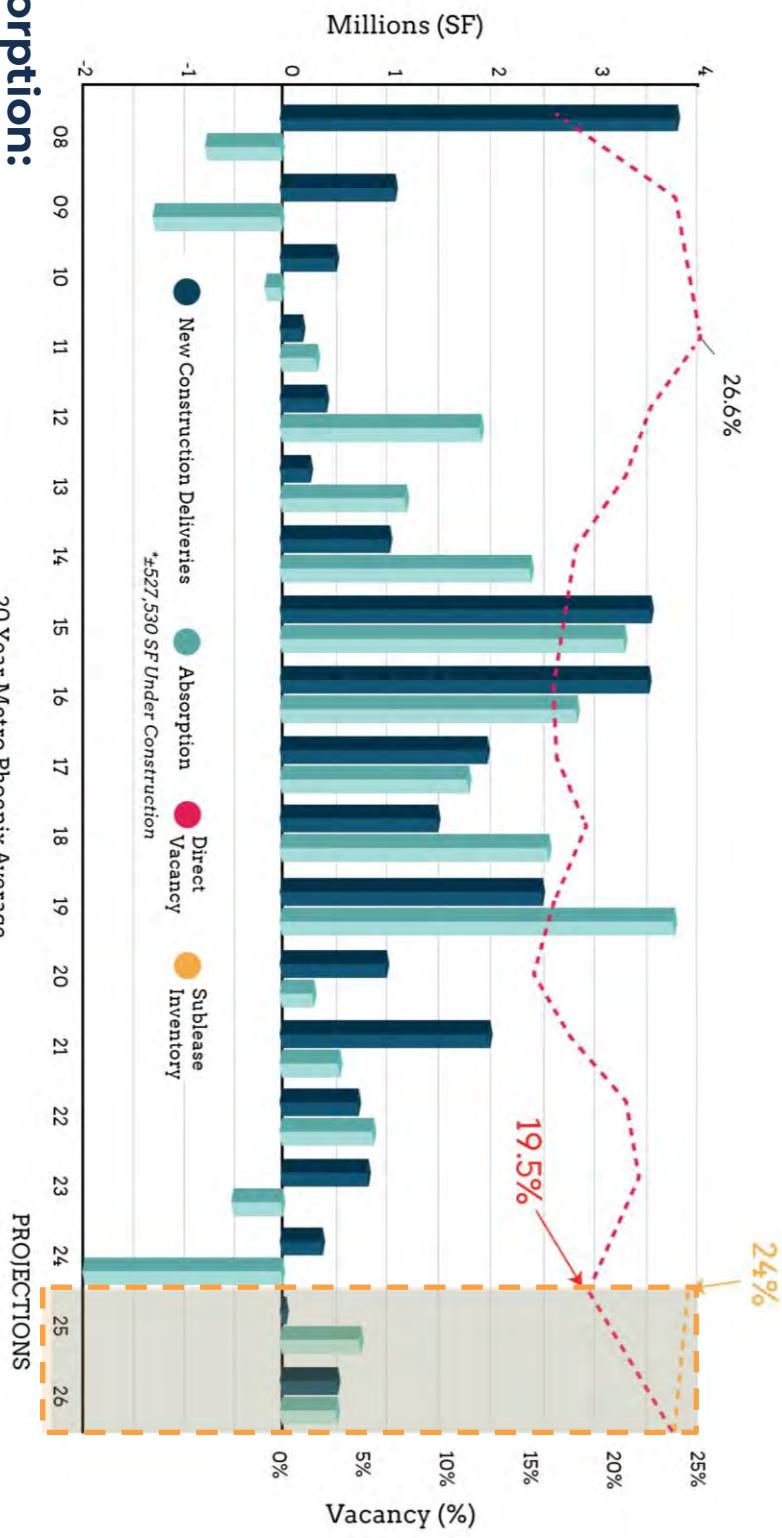
Q3: 120,763 SF



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# PHOENIX METRO OFFICE MARKET OVERVIEW



2025

Q1: 398,769 SF

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Q3: 120,763 SF

**COPPOLA·CHENEY** a team within:

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# 2022-2025 Q2 ABSORPTION

Market	Total Absorption 2022 (SF)	Total Absorption 2023 (SF)	Total Absorption 2024 (SF)	Total Absorption 2025 Q1 (SF)	Total Absorption 2025 Q2 (SF)	Total Absorption 2025 Q3 (SF)
<b>Metro Phoenix</b>	<b>775,813</b>	<b>(355,027)</b>	<b>(2,125,250)</b>	<b>398,769</b>	<b>(17,780)</b>	<b>120,763</b>
Camelback	351,356	(60,325)	113,827	22,843	(21,128)	(251)
Midtown	(72,813)	9,230	(338,907)	73,587	(4,937)	(41,189)
Downtown	109,930	(62,802)	66,487	(5,231)	(83,849)	50,781
Scottsdale Airpark	239,357	102,077	153,050	7,166	(25,769)	92,230
Mesa Downtown	36,020	(10,081)	(7,115)	7,185	(326)	(35,293)
Mesa East	(17,914)	(76,657)	24,197	56,177	(9,549)	14,858
Tempe	(342,593)	(528,484)	(6,048)	240,346	(138,746)	28,945
Chandler	383,171	(14,871)	(383,148)	41,528	56,503	184,912
Deer Valley	262,384	84,300	(269,294)	44,741	(69,954)	(111,747)

# DIRECT VACANCY RATES

Market	Vacancy 2022 (%)	Vacancy 2023 (%)	Vacancy 2024 (%)	Vacancy 2025 Q1 (%)	Vacancy 2025 Q2 (%)	Vacancy 2025 Q3 (%)
<b>Metro Phoenix</b>	<b>17.5%</b>	<b>17.8%</b>	<b>19.9%</b>	<b>19.6%</b>	<b>19.8%</b>	<b>19.5%</b>
Camelback	19.1%	21.1%	18.7%	18.4%	19.9%	19.9%
Midtown	25.2%	23.9%	27.2%	26.4%	26.5%	25.9%
Downtown	21.8%	24.9%	24.6%	24.7%	26.0%	25.2%
Scottsdale Airpark	12.9%	14.5%	13.0%	12.9%	13.1%	12.2%
Mesa Downtown	8.0%	9.5%	10.2%	9.1%	9.7%	12.5%
Mesa East	23.8%	31.0%	29.2%	24.6%	25.3%	23.5%
Tempe	18.9%	23.4%	23.0%	23.3%	24.2%	22.4%
Chandler	12.0%	13.7%	18.4%	17.9%	17.0%	14.7%
Deer Valley	17.8%	12.2%	16.0%	14.4%	15.7%	18.2%

# Sales Update

# SALES COMPS

## TOP OF MARKET SALES - 2025

Economic Development  
Advisory Board  
November 4, 2025  
Attachment 1  
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### 2801 E. Camelback



**Price:** \$48,250,000  
**Price/SF:** \$416.53/SF  
**Size:** 115,838 RSF  
**Closed Date:** 6/30/2025

### Element at Kierland



**Price:** \$18,479,487  
**Price/SF:** \$309.18  
**Size:** 59,770 RSF  
**Closed Date:** 3/7/2025

### Scottsdale Quarter



**Price:** \$645,100.00  
**Price/SF:** \$729.11  
**Size:** 884,783 RSF  
**Closed Date:** 6/26/2025

# SALES COMPS

## PORTFOLIO SALES - 2025

5090 N. 40<sup>th</sup> St.

6991 E. Camelback Rd.

3200 W. Ray



3100 W. Ray



**Price:** \$77,354,361  
**Price/SF:** \$251.97/SF  
**Size:** 307,000 RSF  
**Closed Date:** 8/15/2025

1600 N. Desert

**Price:** \$39,835,000  
**Price/SF:** \$230.26  
**Size:** 173,000 RSF  
**Closed Date:** 8/15/2025

1700 N. Desert

**Price:** \$39,865,763  
**Price/SF:** \$229.11  
**Size:** 174,000 RSF  
**Closed Date:** 8/15/2025

**Price:** \$29,226,908  
**Price/SF:** \$218.93  
**Size:** 133,500 RSF  
**Closed Date:** 8/15/2025

**Price:** \$27,718,379  
**Price/SF:** \$207.63  
**Size:** 133,500 RSF  
**Closed Date:** 8/15/2025

**Price:** \$11,781,938  
**Price/SF:** \$144.56  
**Size:** 81,500 RSF  
**Closed Date:** 8/15/2025

**Price:** \$10,972,931  
**Price/SF:** \$134.64  
**Size:** 81,500 RSF  
**Closed Date:** 8/15/2025

**City Office Portfolio Sale**  
**\$266,000,000 with**  
**1,251,704 SF of space, at**  
**avg price/sf \$212.51**

# SALES COMPS

## NOTABLE SALES - 2025

Economic Development  
Advisory Board  
November 4, 2025  
Attachment 1  
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### 2155 E. Go Daddy Way



### 4950 S. 48th Street



### 2045 E. Innovation Circle



**Price:** \$35,250,000

**Price/SF:** \$235

**Size:** 150,000 RSF

**Closed Date:** 6/6/2025

**Price:** \$22,400,000

**Price/SF:** \$305.27

**Size:** 73,377 RSF

**Closed Date:** 5/16/2025

**Price:** \$22,050,000

**Price/SF:** \$226.14

**Size:** 97,504 RSF

**Closed Date:** 3/20/2025

# SALES COMPS

## UGLY SALES - 2025

### 2800 N. Central

### Elliott Center



**Price:** \$28,500,000

**Price/SF:** \$76.87

**Size:** 370,736 RSF

**Closed Date:** 7/22/2025

### 111 W. Monroe



**Price:** \$13,500,000

**Price/SF:** \$60.43

**Size:** 223,392 RSF

**Closed Date:** 1/22/2025

### 4645 E. Cotton Center



**Price:** \$17,080,000

**Price/SF:** \$65.27

**Size:** 261,672 RSF

**Closed Date:** 6/23/2025

**Price:** \$10,050,000

**Price/SF:** \$86

**Size:** 116,858 RSF

**Closed Date:** 7/22/2025

# SALES COMPS

2024

## 24th At Camelback

## The Beam on Farmer



## 24th At Camelback II

**Price:** \$97,900,000

**Price/SF:** \$319.02

**Size:** 306,877 RSF

**Closed Date:** 10/30/2024



## Northsight Corporate Center



## 7272 Old Town



## Camelback Lakes - 2850



Economic Development  
Advisory Board  
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**Price:** \$42,250,000  
**Price/SF:** \$304.44  
**Size:** 138,781 RSF  
**Closed Date:** 4/30/2024

**Price:** \$42,250,000  
**Price/SF:** \$255.72  
**Size:** 165,220 RSF  
**Closed Date:** 12/17/2024

**Price:** \$60,000,000  
**Price/SF:** \$260.62  
**Size:** 230,222 RSF  
**Closed Date:** 5/7/2024

# SALES COMPS

2023

Economic Development  
Advisory Board  
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## Mesquite Corporate Center

3131/3133



## Chandler Corporate Center I & II



**Price:** \$6,900,000  
**Price/SF:** \$102.76  
**Size:** 67,144 RSF  
**Closed Date:** 5/10/2023

**Price:** \$32,000,000  
**Price/SF:** \$402.33  
**Size:** 79,537 RSF  
**Closed Date:** 3/8/2023

**Price:** \$72,100,000  
**Price/SF:** \$239.95  
**Size:** 300,482 RSF  
**Closed Date:** 9/1/2023

## Camelback Collective



**Price:** \$56,500,000  
**Price/SF:** \$220.44  
**Size:** 256,308 RSF  
**Closed Date:** 11/22/2022

**Price:** \$48,500,000  
**Price/SF:** \$692.86  
**Size:** 70,000 RSF  
**Closed Date:** 2/17/2023

**Price:** \$22,000,000  
**Price/SF:** \$161.76  
**Size:** 136,004 RSF  
**Closed Date:** 1/4/2023

2022

## Promenade Corporate Center

2023

## Lumis Tower

3131/3133



**Price:** \$6,900,000  
**Price/SF:** \$102.76  
**Size:** 67,144 RSF  
**Closed Date:** 5/10/2023

**Price:** \$32,000,000  
**Price/SF:** \$402.33  
**Size:** 79,537 RSF  
**Closed Date:** 3/8/2023

**Price:** \$56,500,000  
**Price/SF:** \$220.44  
**Size:** 256,308 RSF  
**Closed Date:** 11/22/2022

**Price:** \$66,350,000  
**Price/SF:** \$572.78  
**Size:** 115,838 RSF  
**Closed Date:** 7/21/2022

## Sales Comps:

1. Overall pricing has declined since 2022
2. Multiple different reasons owners are selling
3. Pricing way below replacement cost

# STRESSED OUT BUILDINGS

## One Two and Three Gateway



**Status: Foreclosure**

**Size: 330,000 SF**

**Scoop: Western Alliance will operate until market recovers**

# STRESSED OUT BUILDINGS

## East Gateway



Economic Development  
Advisory Board  
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Attachment 1  
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**Status: Sold for \$82/SF**

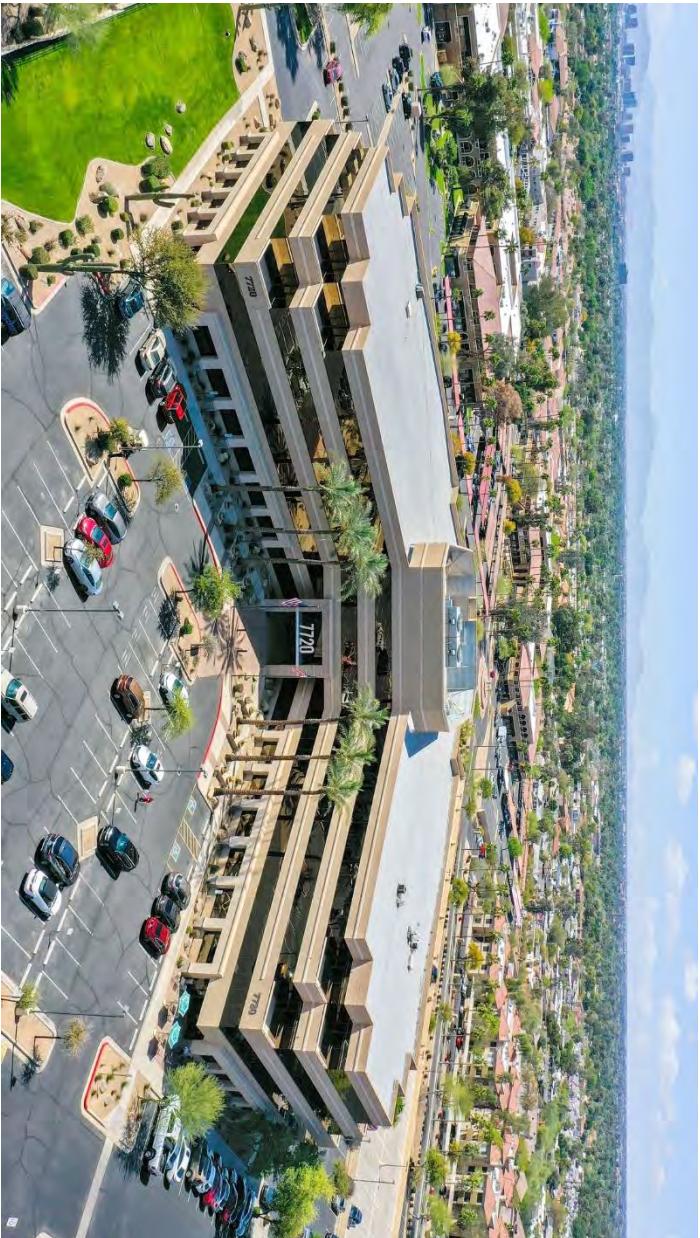
**Size: 250,000**

**Scoop: Sold to local Buyer**

**Existing Owner couldn't perform  
after anchor tenant walked**

# STRESSED OUT BUILDINGS

## Summit



Economic Development  
Advisory Board  
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Attachment 1  
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**Status: Owner cannot fund new  
TI's**

**Size: 300,000 SF**

**Scoop: Will be coming to market  
for sale**

# Evolving Tenant Trends - 2025:

1. Tenants right-sizing (still)
2. Lobby Updates
3. Case Studies
4. Back-Office
5. Spec Suites

# 1. Right-Sizing

# RIGHT-SIZING

<b>KUTAKROCK</b> ATTORNEYS AT LAW	35,000 SF ↓ 23,000 SF	<b>ViAD</b> 25,000 SF ↓ 7,000 SF
<b>FENNEMORE.</b> ↓ 54,000 SF	<b>AON</b> 20,000 SF ↓ 3,000 SF	
<b>BlueYonder</b>	70,000 SF ↓ 54,000 SF	<b>PERKINScoie</b> 80,000 SF ↓ 31,000 SF

# RIGHT-SIZING

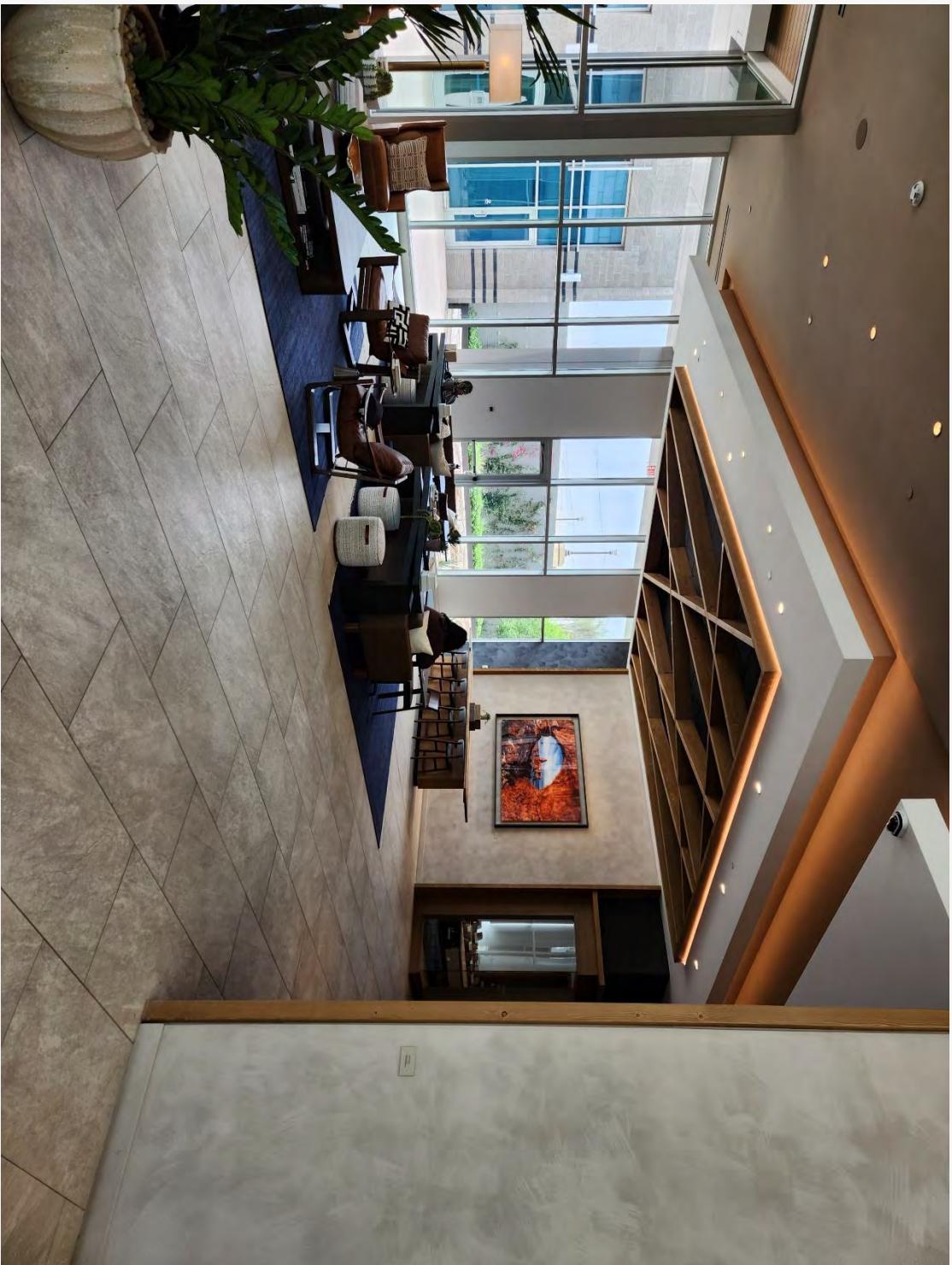
 Workiva	36,000 SF ↓ 0 SF	 Regus	180,000 SF ↓ 150,000 SF
 HSAG HEALTH SERVICES ADVISORY GROUP	32,000 SF ↓ 14,000 SF	 AVNET	90,000 SF ↓ 30,000 SF

# 2. Lobby Updates

# LOBBY UPDATES - HFL



# LOBBY UPDATES - HFL



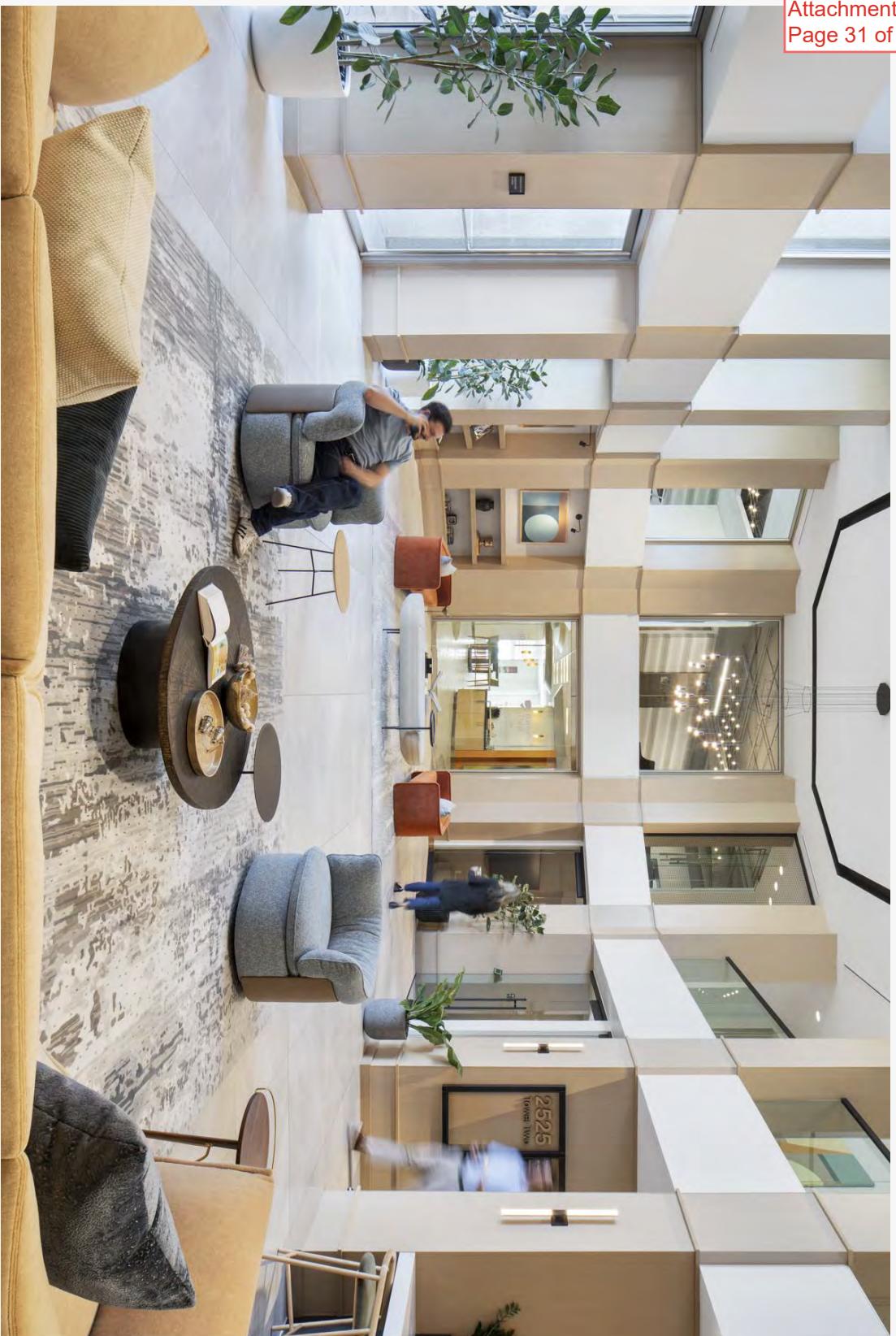
# LOBBY UPDATES - BOND



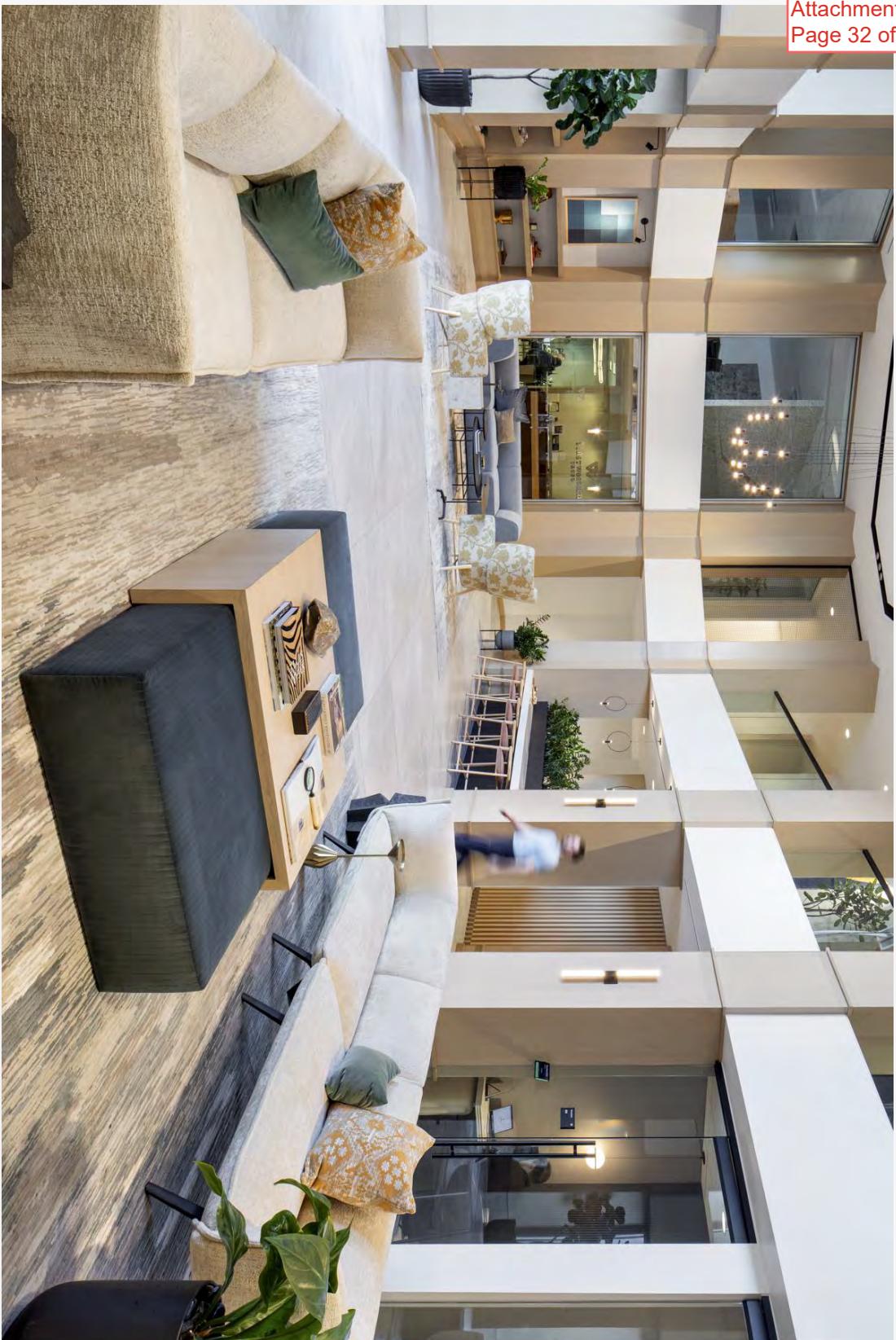
# LOBBY UPDATES - BOND



# LOBBY UPDATES – ESPLANADE

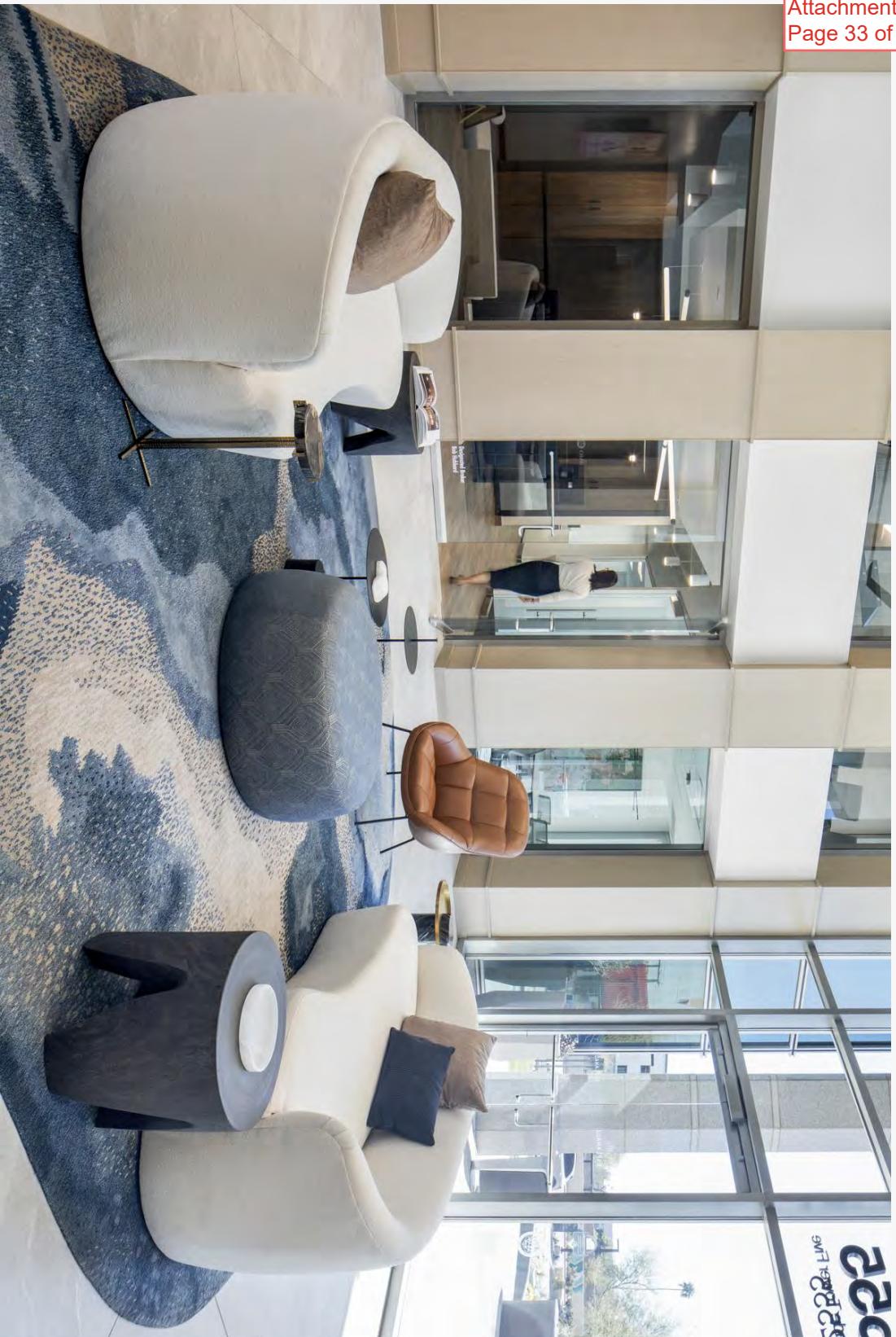


# LOBBY UPDATES - ESPLANADE



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# LOBBY UPDATES - ESPLANADE



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# 3. Case Studies

# WHAT'S LEASING?



## 24<sup>TH</sup> AT CAMELBACK

- Location, spec suite success, highly amenitized
- Financial Services firms less than 20,000 SF are very active.

## ESPLANADE III

- Best views in the city, neighborhood within a neighborhood
- Committed owner and trophy asset

## GROVE

- Brand new product in right location sells, best amenities in town
- There was pent-up demand in Camelback Corridor.

# WHAT'S LEASING?



## THE QUAD

- Spent the money right the first time – MINIMAL TIs on the renewal, meeting area, and restaurant on site
- Tenants will pay more to not have to go through TI construction.

## SKYSONG

- Synergy with tech-related companies, great access to labor
- **ASU + great product = 740,000 SF of success.**

## LINK

- Cool restaurant on site, top-shelf spec suites
- **Cool design and spec suites will overcome B-location.**

# WHAT'S LEASING?



- **GAINEY CENTER II**
- Great located project with new FOCUS
- A responsive owner/broker team and some cash can help occupancy jump from 50% to 80%, and quickly



## PARK CENTRAL

- Transformed multi-use site, retail use in office space sped up leasing
- **Comprehensive plan and comprehensive team wins.**

# WHAT'S LEASING?

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- **THE BEAM**
- New exciting construction
- Fresh capital and fresh operator energy



- **HAYDEN FERRY LAKESIDE**
- Iconic project repositioning itself
- **Reimagined lobbies and outdoor areas, connecting it to lake more effectively**



- **ESPLANADE I, II, IV, V**
- There will always be tenants who want simply the best
- They are beating George Oliver at their own game, for now

# 4. Back-Office

# BACK-OFFICE

## Back Office Characteristics

- General Office or flex R & D
- Parking ratio  $>/= 5.8:1,000 \text{ SF}$
- $</= 3 \text{ Stories}$
- $>/= 49,000 \text{ SF}$

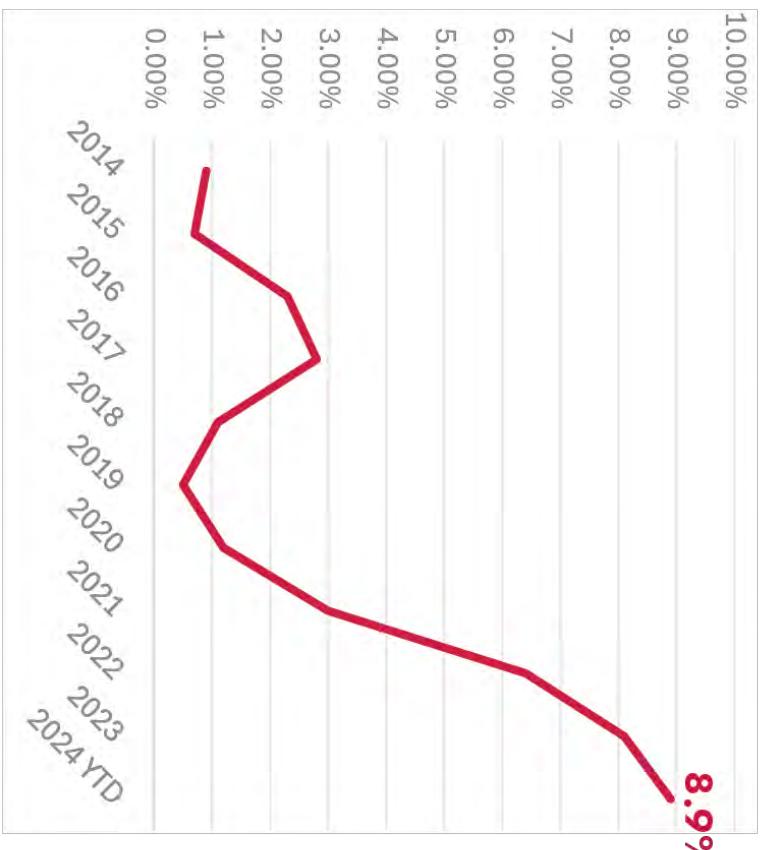
# BACK-OFFICE

## Key Indicators

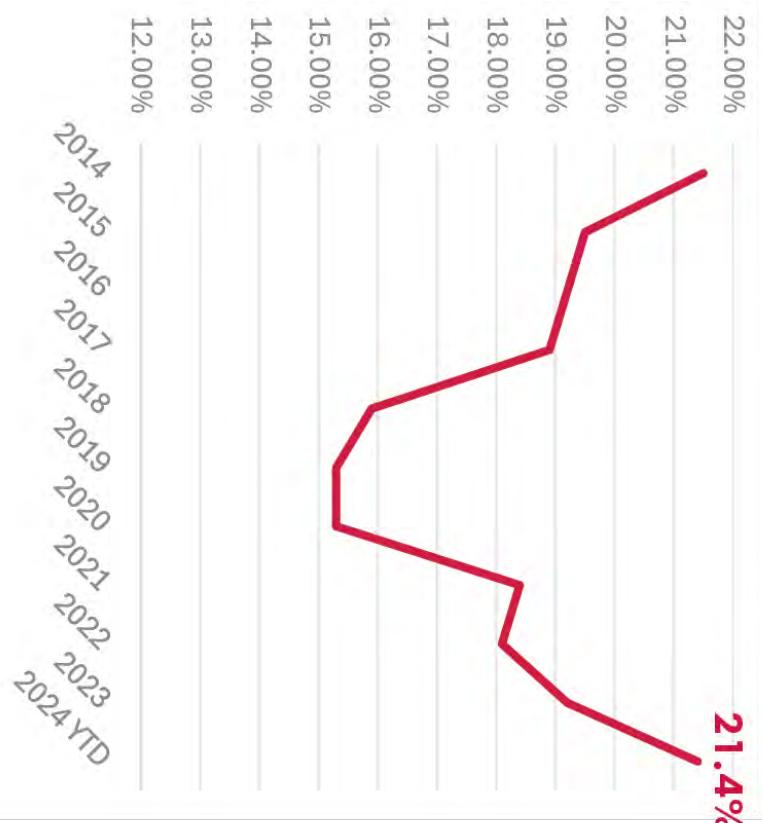
- Total Inventory
  - 23.2 Million SF
- Direct Vacancy
  - 21.4%
- Sublease Vacancy
  - 8.9%
- Asking Rates
  - \$24.36/SF/Year, Full Service

# BACK-OFFICE

## SUBLET VACANCY



## DIRECT VACANCY



# BACK-OFFICE - CONVERSIONS

1515 W. 14<sup>th</sup> Street



LPC Bought for  
\$83/SF

Was 220,000 SF of  
Office

Will be 127,000 SF  
of Distribution

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# BACK-OFFICE – CONVERSIONS

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## Regents Centre – 1910 W. University Tempe



Class B Office with A  
Spec Suites

In escrow with Opus

Entire campus will be  
industrial

# BACK-OFFICE - CONVERSIONS

## Crossfirst - I-17 Lincoln

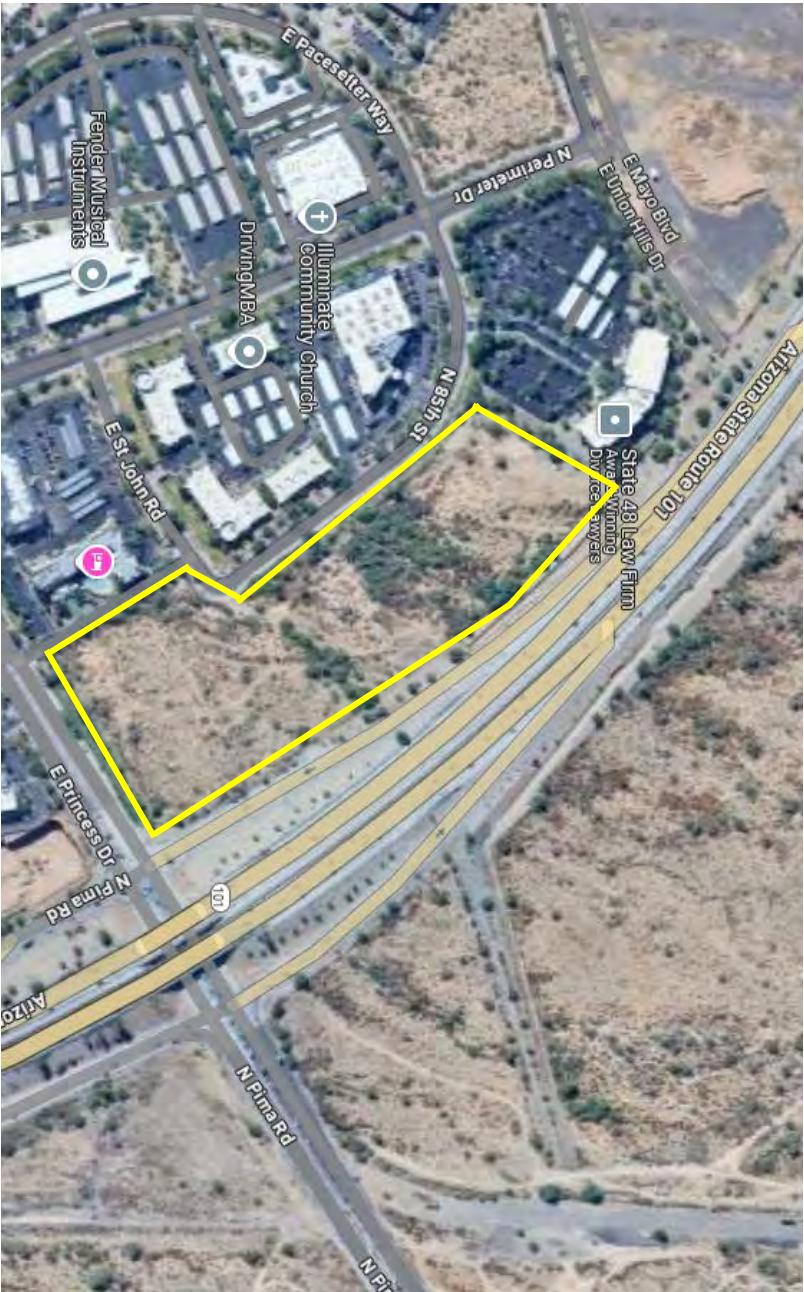


LPC Bought for  
\$42/SF

Was 350k SF of  
Office

Will be 390k SF of  
Industrial

# BACK-OFFICE - CONVERSIONS



16.5 Acres

Was going to be 3  
and 4 story Office

Will be 4 Industrial  
Flex buildings

# BACK-OFFICE - CONVERSIONS

## Elliot Ctr - 875 W. Elliot



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Sold for \$60/SF

Was 220,000 SF of  
Office

Will be 274,000 SF  
of Industrial

# BACK-OFFICE - CONVERSIONS

9977 N. 90<sup>th</sup> Street



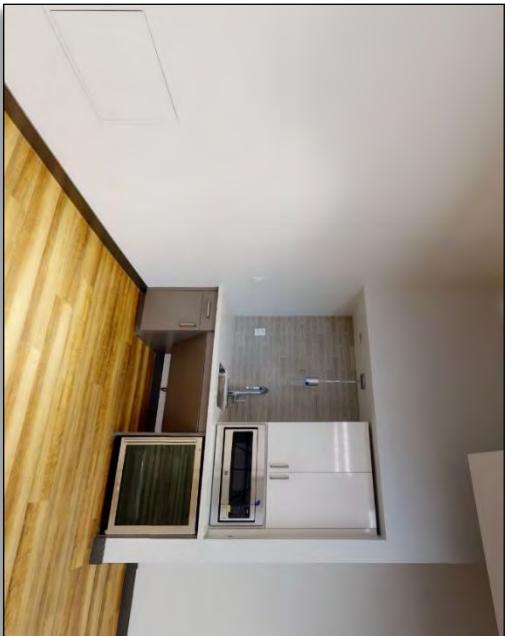
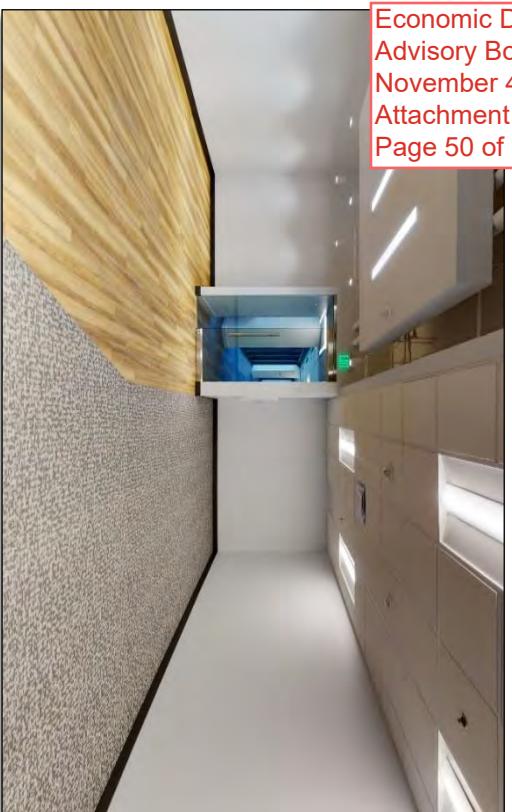
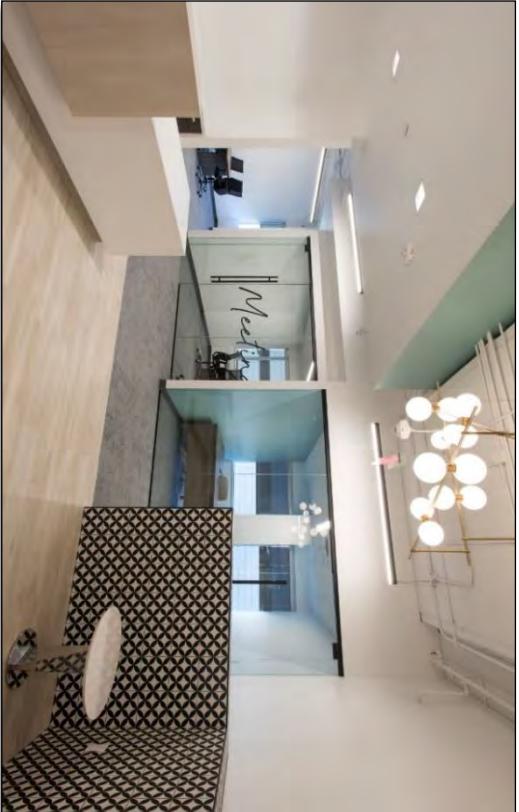
Sold for \$77/SF

Was Office

Will be Medical

# 5. Spec Suites

# INCREASING QUALITY OF SPEC SUITES



Yesterday's  
Spec Suite

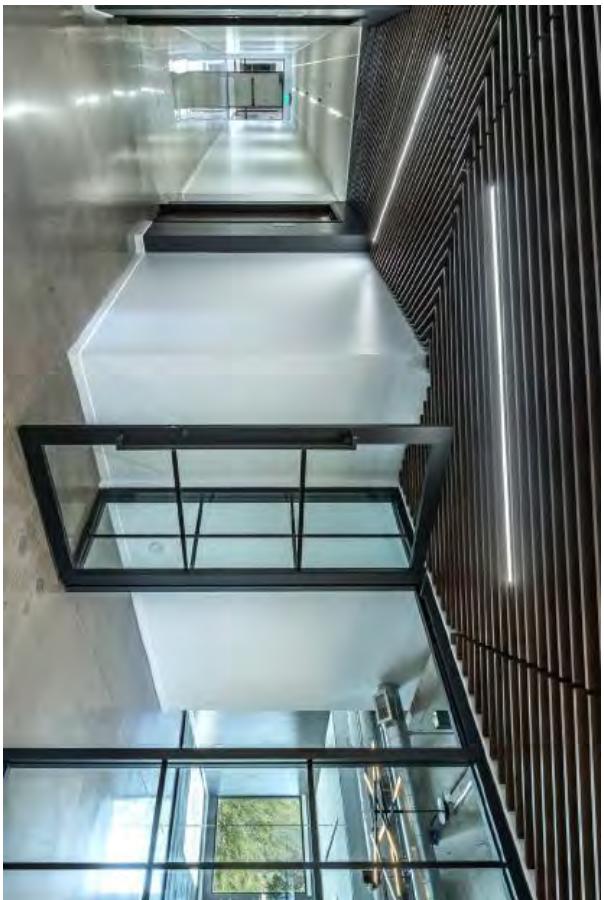
Today's  
Spec Suite

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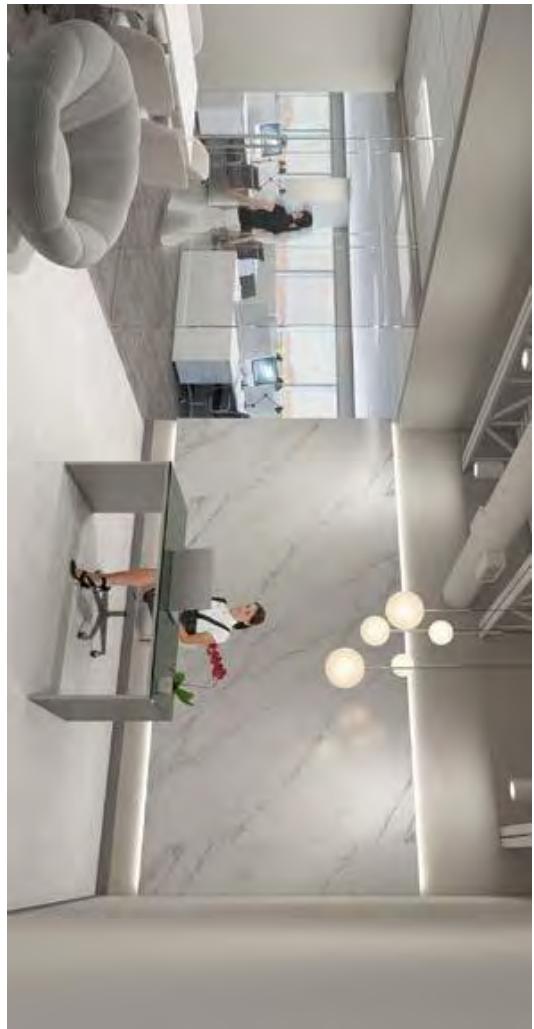
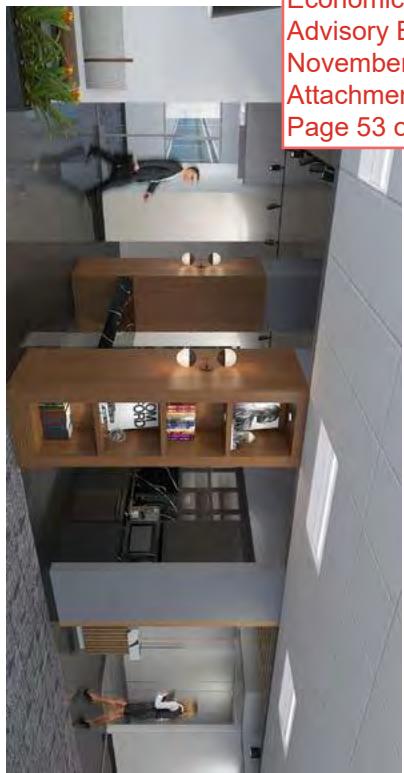
# INCREASING QUALITY OF SPEC SUITES

- LL's building ±5-10 spec suites at once
- They lease
- Rents grow

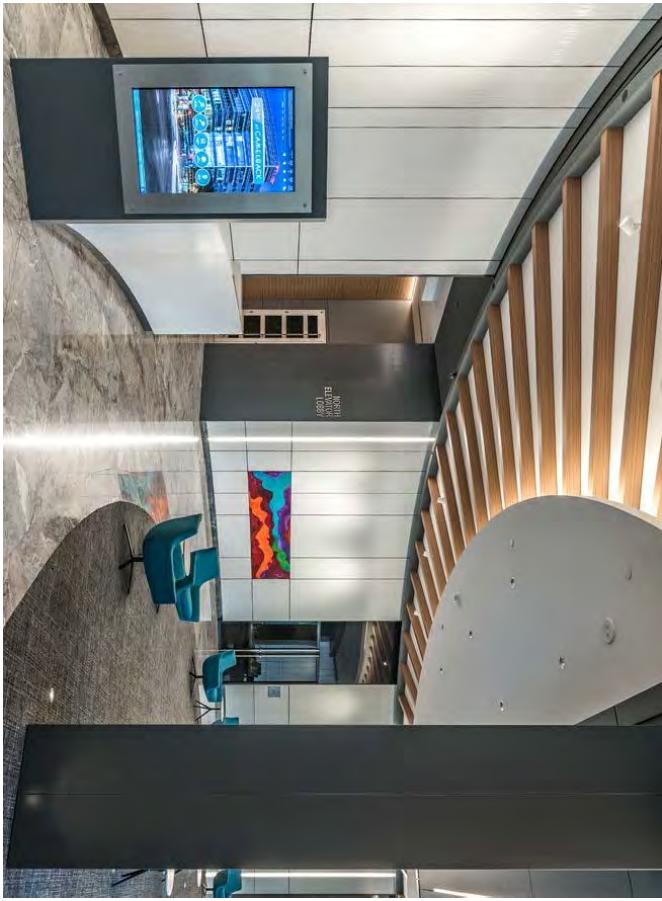
# INCREASING QUALITY OF SPEC SUITES



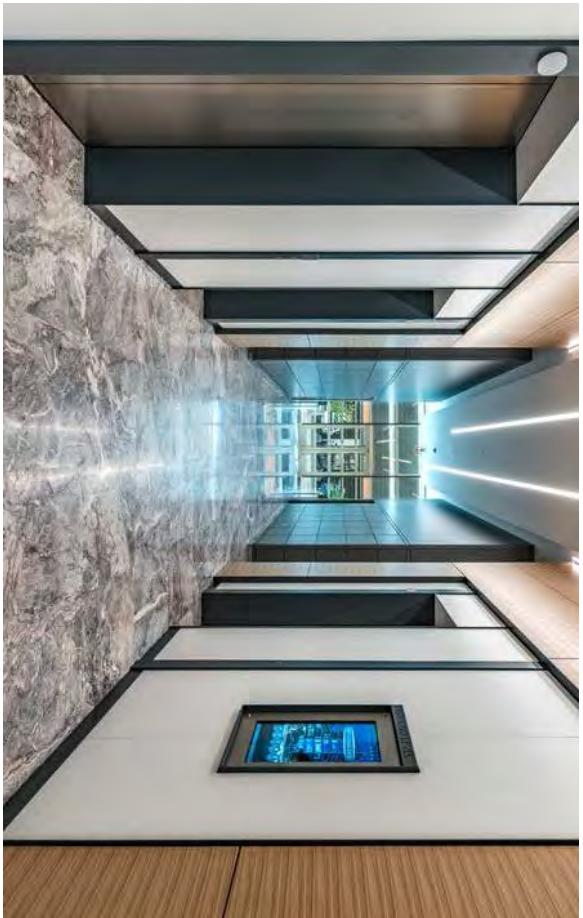
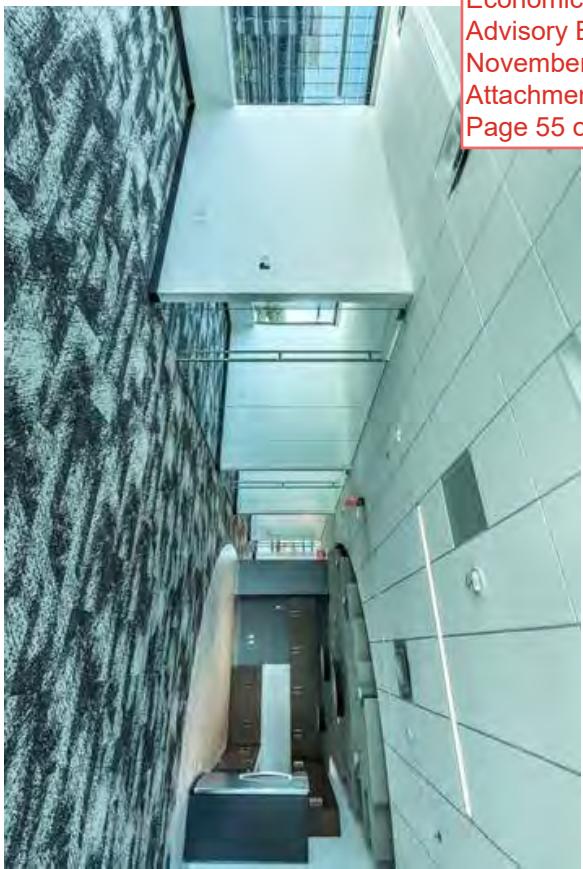
# INCREASING QUALITY OF SPEC SUITES



# INCREASING QUALITY OF SPEC SUITES



# INCREASING QUALITY OF SPEC SUITES

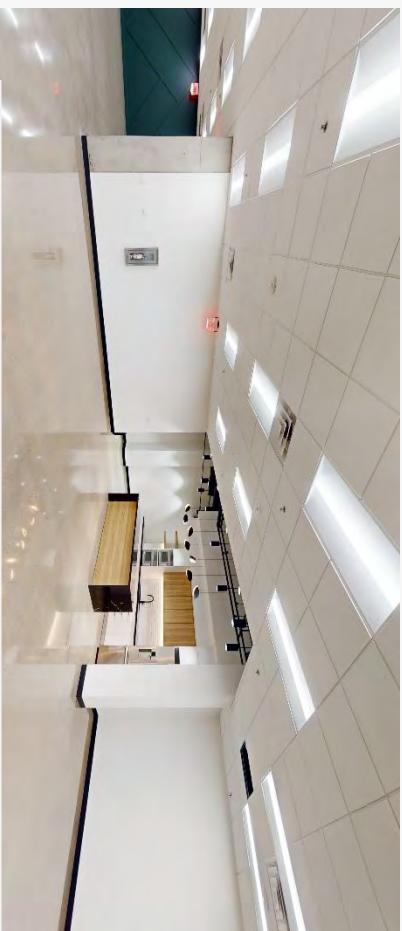
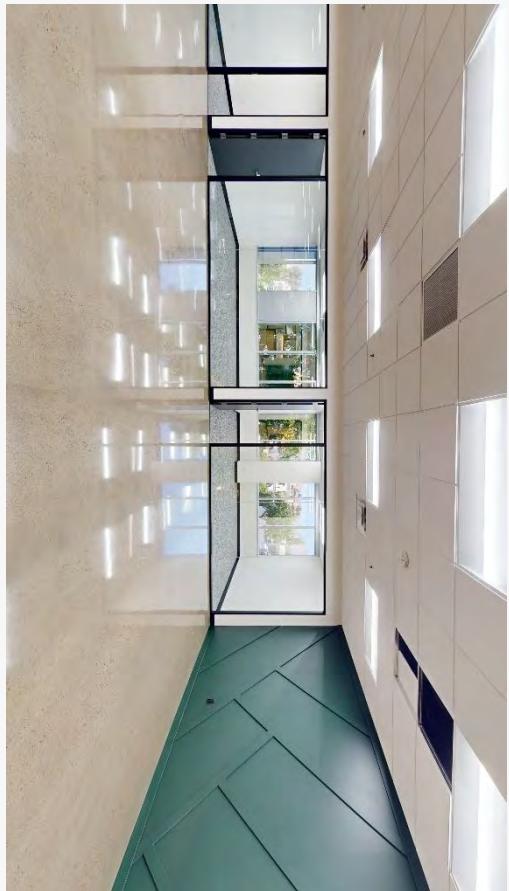


# SPEC SUITES – COLLIER CTR



# SPEC SUITES - 3131 E CAMELBACK

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# SPEC SUITES - GAINES CENTER II



# Sublease Update

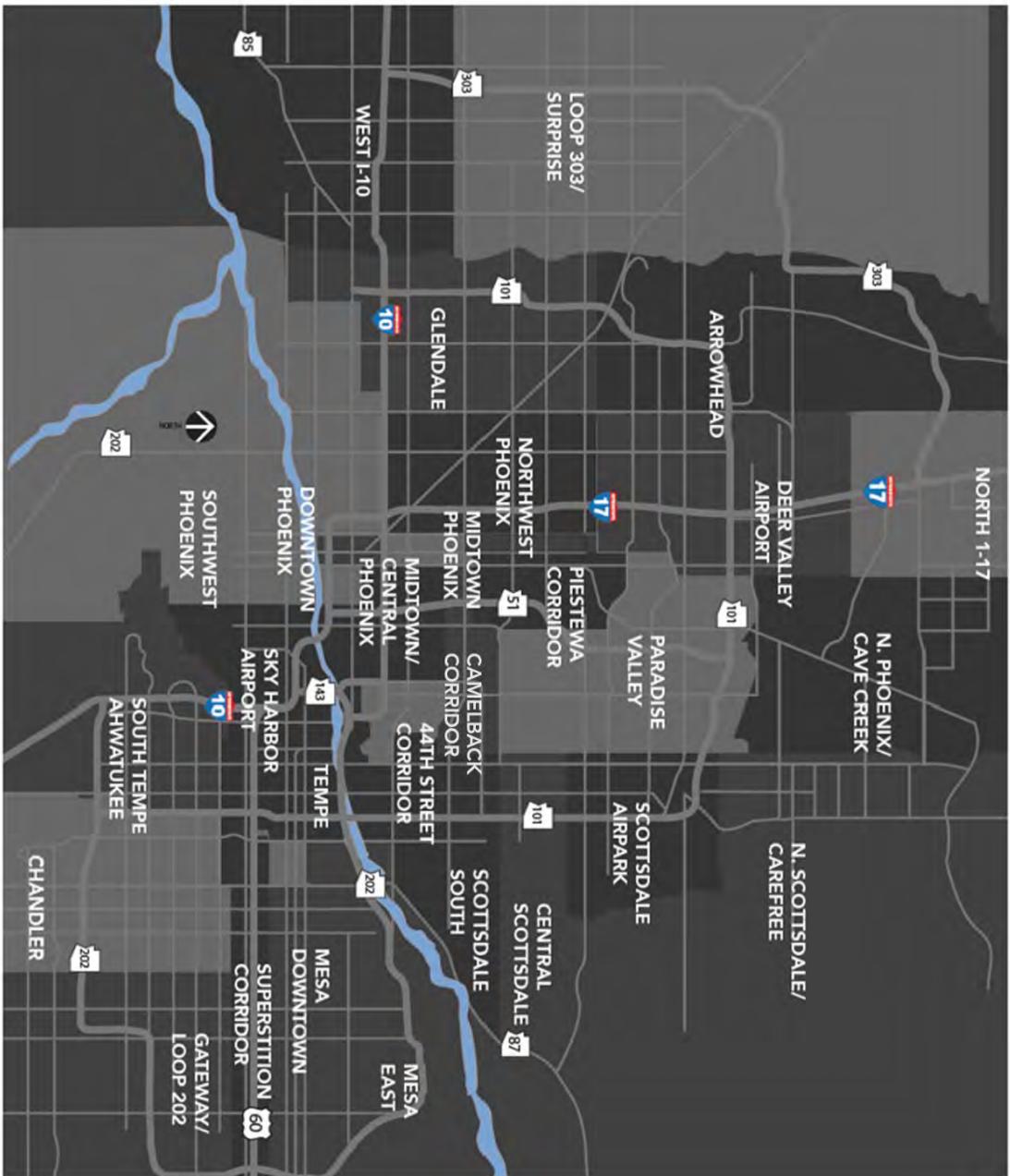
# METRO PHOENIX SUBLICENSE INVENTORY



# CLASS A SUBLEASE BREAKDOWN

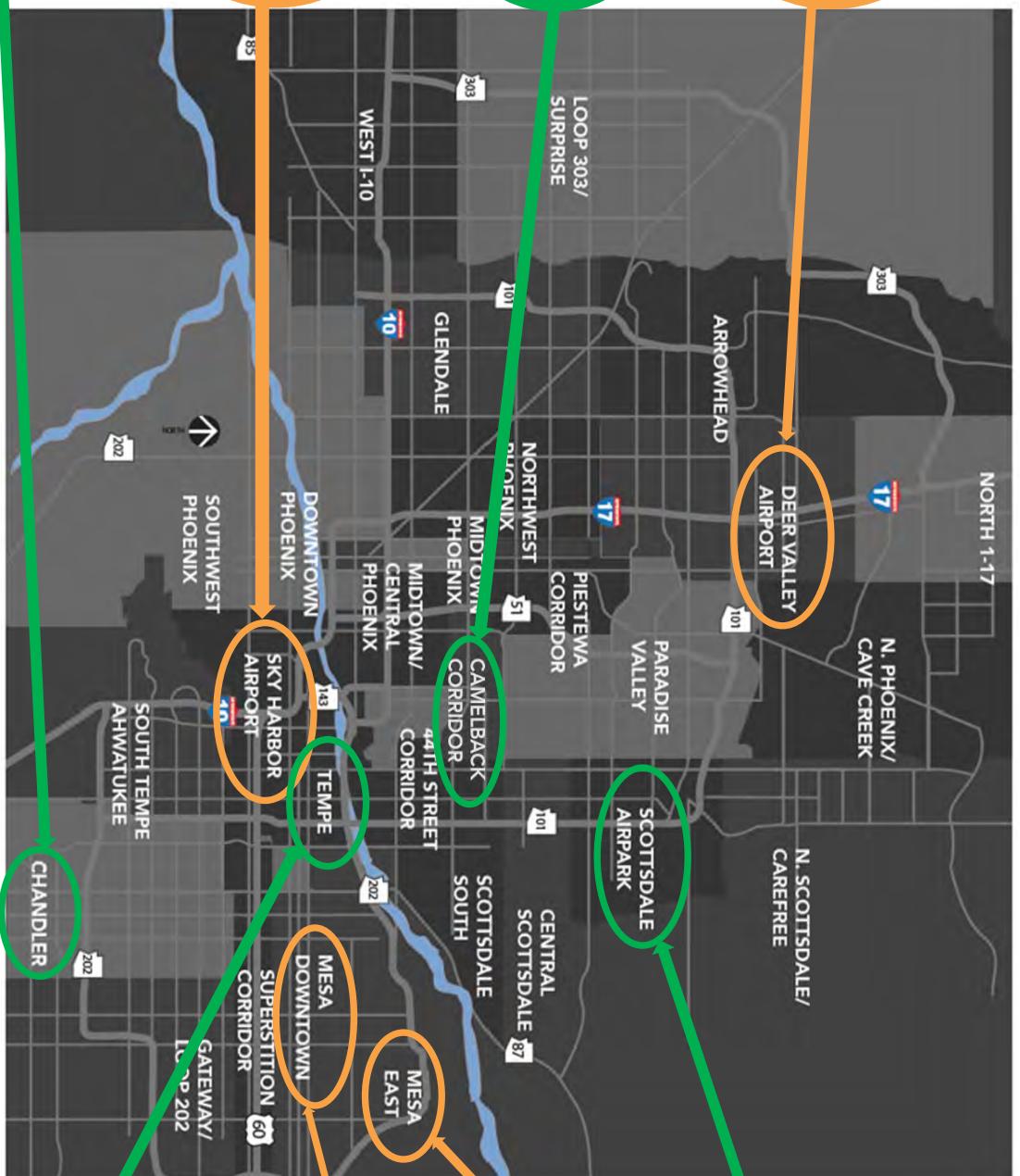
Space Size	Number of Options
100k+ SF	52 spaces (in 11 properties)
50k - 100k SF	61 spaces (in 17 properties)
25k - 50k SF	78 spaces (in 29 properties)
10k - 25k SF	47 spaces (in 38 properties)
Under 10k SF	80 spaces (in 65 properties)

# SUBLEASE MAP



## SUBLEASE MAP

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Tempe  
642,350 SF   
**(246,251)**

Tempe  
642,350 SF   
**(246,251)**

Chandler

(180,158)

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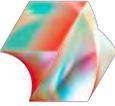
**LEE & ASSOCIATES**  
COMMERCIAL REAL ESTATE SERVICES

# Recent Transactions

# RECENT TRANSACTIONS

Company	Address Property Name	Size (SF)	Lease Term Rate Structure	Eff. Rate Rate Type Free Rent	TI's / Comments
 <b>coates</b> MIGRATION.COM	Greenfield Road Offices 1420 N Greenfield Rd	1,360	36 months \$19.50/SF with 3% annual increases	\$20.09 NNN 0 months free	<ul style="list-style-type: none"> <li>As-is renewal with no TI</li> </ul>
 <b>Calm Psych</b>	Mesa Tower 1201 S Alma School Rd	1,434	40 months \$25.50/SF with \$0.50/SF annual increases	\$22.91/SF FSG 5 months free	<ul style="list-style-type: none"> <li>TIs: \$10.00/SF</li> </ul>
 <b>ARIZONA DEPARTMENT of CHILD SAFETY</b>	Mesa Tower 1201 S Alma School Rd	2,091	63 months \$25.95/SF with 3% annual increases	\$26.44/SF FSG 3 months free	<ul style="list-style-type: none"> <li>TIs: \$0.00/SF</li> </ul>
 <b>Portico Place I</b>	Mesa Tower 1201 S Alma School Rd	49,207	60 months \$23.50/SF with no annual increases	\$23.50/SF FSG 0 months free	<ul style="list-style-type: none"> <li>TIs: \$0.00/SF</li> </ul>
 <b>COPPOLA·CHENEY</b> a team within:  <b>LEE &amp; ASSOCIATES</b> COMMERCIAL REAL ESTATE SERVICES	Portico Place I 2121 W Chandler Blvd	4,048	65 months \$29.50/SF with 3% annual increases	\$29.28/SF FSG 5 months free	<ul style="list-style-type: none"> <li>TIs: \$20.00/SF</li> </ul>

# RECENT TRANSACTIONS

Company	Address Property Name	Size (SF)	Lease Term Rate Structure	Eff. Rate Rate Type Free Rent	TIs / Comments
7/1/25 9/1/26 <b>Taft/</b> 	Esplanade II 2525 E Camelback Rd	24,895	130 months \$62.50/SF w/ 2.5% annual bumps.	\$65.98 <b>Full Service</b> 10 months free	• TIs: \$120/SF
7/1/25 2/1/26 	Biltmore Center 2398 E Camelback Rd	14,256	132 months \$50.00/SF w/ \$1/SF annual increases	\$49.55/SF <b>Full Service</b> 12 months free	• TIs: \$85.00/SF
7/1/25 9/15/25 Holland & Hart	Biltmore Center 2398 E Camelback Rd	9,851	37 months \$53.00/SF w/ 3% annual increases	\$53.22/SF <b>Full Service</b> <b>1 Month Free</b>	• TIs: \$20.00/SF
1/1/25 7/1/25 <b>BOND</b> 	3200 E Camelback Rd	9,995	99 months \$51.00/SF w/ \$1.00 annual increases	\$51.00/SF <b>FSG</b> 3 months free	• TIs: \$80.00/SF
12/1/24 3/1/25 <b>Path Forward</b> 	Esplanade II 2525 E Camelback Rd	9,605	39 months \$60.00/SF w/ 3% annual increases	\$57.06/SF <b>FSG</b> 3 months free	• TIs: \$17.00/SF

# CURRENT LEASING TRENDS

## Users coming back want:

1. Enhanced Experience (currently, juice worth the squeeze)
2. Growth Potential
3. Shorter Term Leases
4. Ready to Occupy Space – MUST BE VERY COOL

# New Product Update

# RECENT DELIVERIES

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2023

The Arbor



**SIZE: 32,054 SF**  
**C of O: 100% Leased**  
**Build to Suit**



**ICON at Perimeter Center**

2022

The Beam



**SIZE: 183,526**  
**C of O: 0% Leased**  
**Today: 75% Leased**

**Gen 1 @ GSO**



**SIZE: 152,094**  
**C of O: 5% Leased**  
**Today: 83% Leased**

2021

Axis



**SIZE: 175,094**  
**C of O: 0% Leased**  
**Today: 93% Leased**

**100 Mill**



**SIZE: 287,000**  
**C of O: 55% Leased**  
**Today: 96% Leased**

**COPPOLA·CHENEY** a team within:

**LEE & ASSOCIATES**  
COMMERCIAL REAL ESTATE SERVICES

# RECENT DELIVERIES

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2024

## Cavasson Phase II



**SIZE: 150,000**

**C of O: 47% Leased  
Today: 63% Leased**

## Rio Yards



**SIZE: 150,000**

**C of O: 0% Leased  
Today: 0% Leased**

# UNDER CONSTRUCTION

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2025

## Sprouts HQ at City North



**SIZE: 150,000**

**Build to Suit**

## Republic Services Building

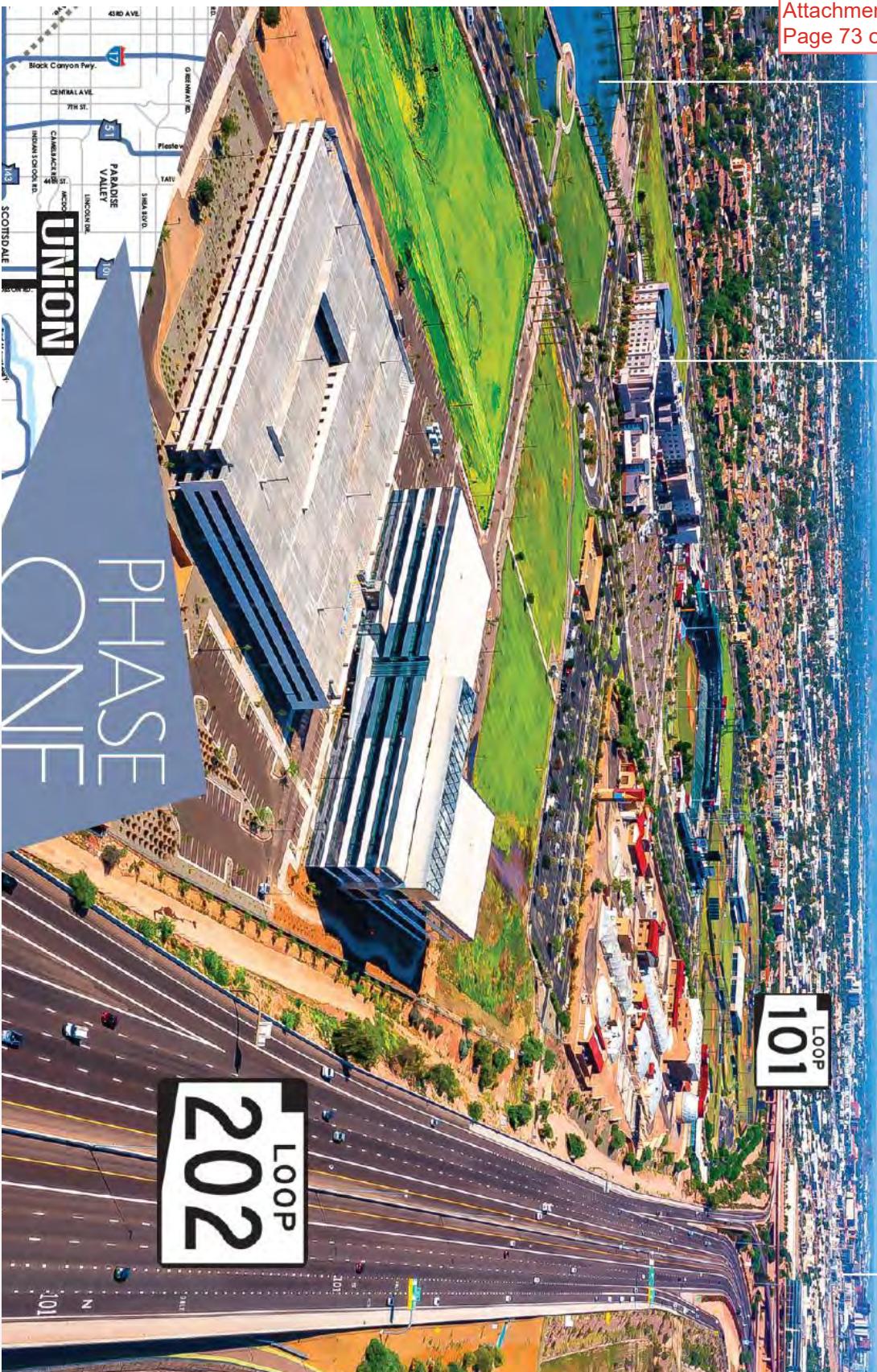


**SIZE: 265,525**

**Build to Suit**

# Mesa Projects

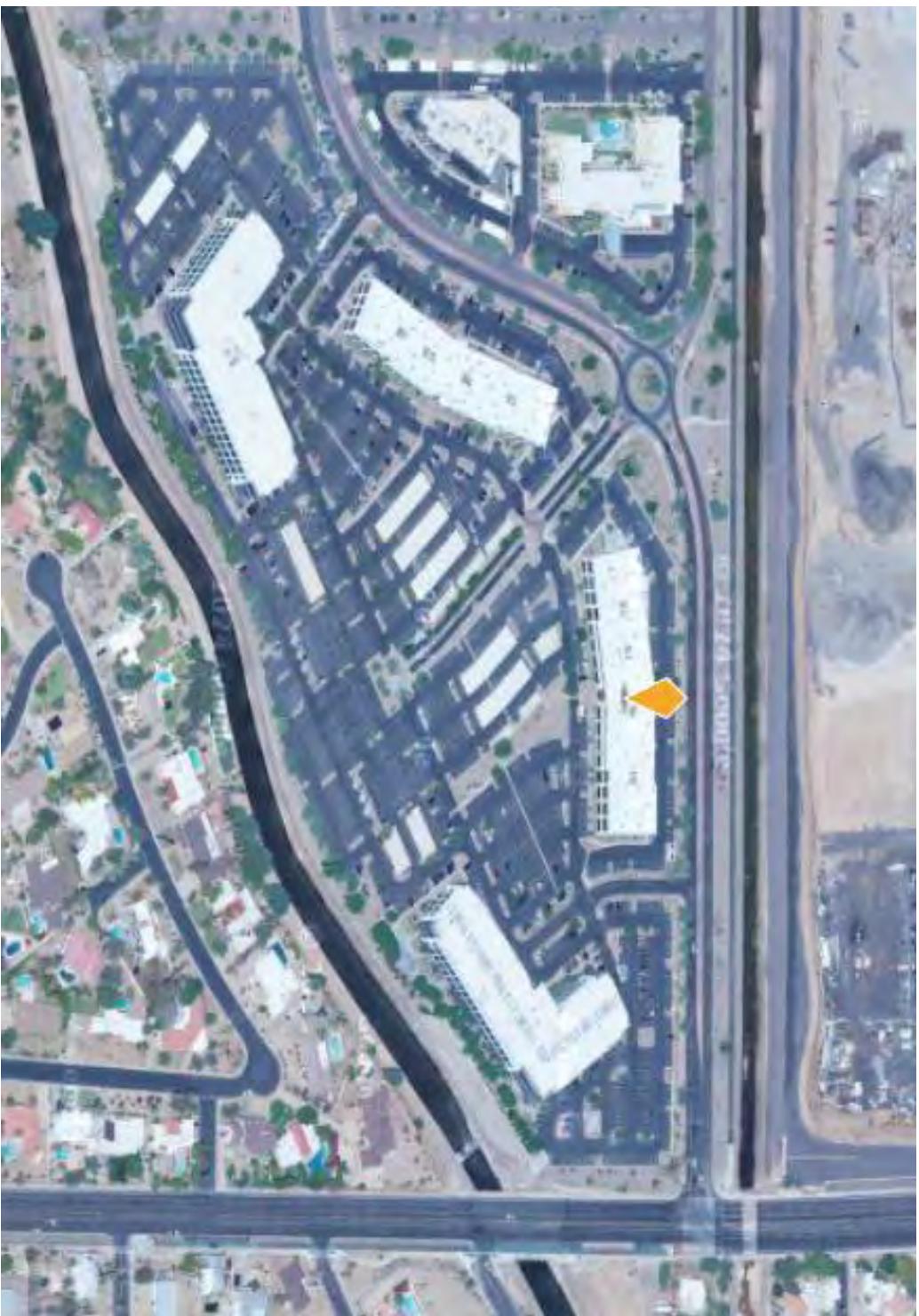
Union



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# WayPoint



# 827 W. Grove

## MESA GROVE

PLUG & PLAY SPACE

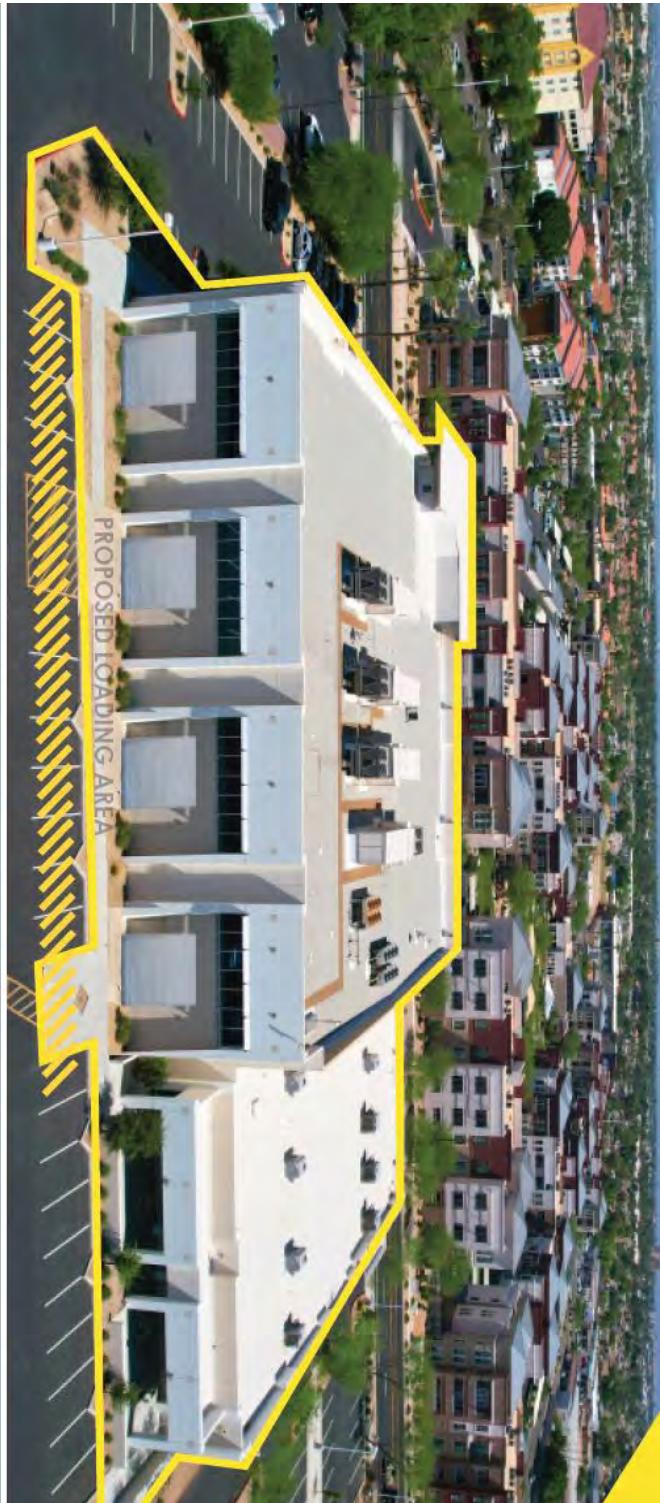


# 827 W. Grove

# 827 WEST GROVE

INDUSTRIAL/  
**FLEX**

OPPORTUNITY

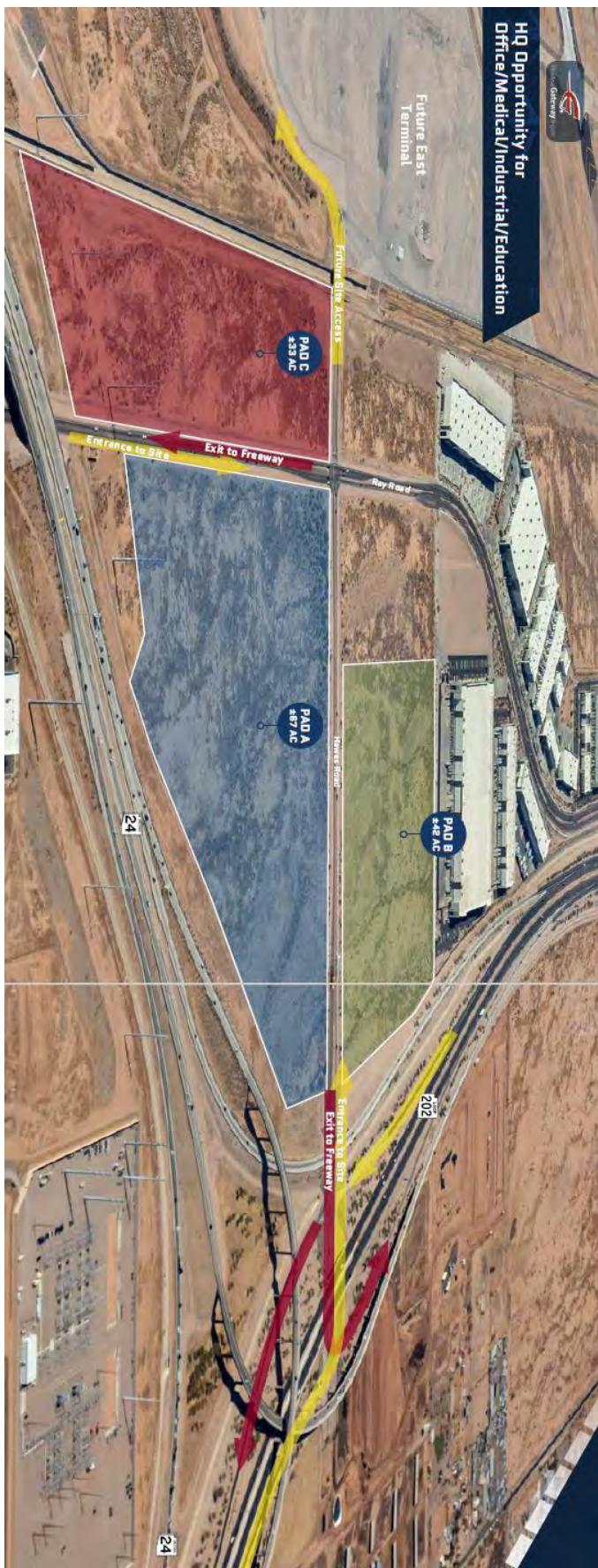


827 WEST GROVE AVENUE • MESA, ARIZONA  
*Build to Suit*

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# Gateway 202



# Gateway 202

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# Gateway 202

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**GATEWAY 202**

**Gateway 202 - Loop 202 & Hawes Road**

**142 Acres For Lease**  
**/Sale/Build to Suit**

**Owned By:**  
**S I H I**

**Exclusively Represented By:**

**COPPOLA-CHENEY**  
COMMERCIAL REAL ESTATE SERVICES

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# Summary

# KEY LEASING TAKEAWAYS

Net Absorption is on track to stay positive this year

1. Few large users out there
2. Many Tenants are not finished giving back space
3. Spec Suites, *done right*, will lease
4. Class A owners investing in new Class A lobbies
5. Conversions from Back Office and Office becoming more common
6. Some distress is here

# POTENTIAL FUTURE TRENDS

- Work from Home continues for significant number of tenants
- Zombie buildings will still show up in '26/'27
- Absorption will remain tepid for the next two years
- Building obsolescence further amplifies, B, B- and C have a tough future. No matter the price. Deep pockets could win.
- Deeply discounted A- building in good locations will be available.
- Many tenants remain a hostage due to high relocation costs

# MARKET UPDATE

November 2025

[www.c2brokerage.com/](http://www.c2brokerage.com/)



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# Arizona's Early Childhood Agency

Committed to healthy development and learning from birth to age 5.





of brain growth  
happens in the  
**first 5 years!**

90 %

**Created by voters in 2006  
and funded by tobacco tax.**

Our three focus areas are:

- Quality child care
- Strengthening families
- Preventive health



We have a child care crisis.



## Demand

### exceeds supply.

304,000 children in Arizona may need child care, but only **230,000 slots** exist.

## Child care wages

### are low.

**\$14.60/hour** is the national median, making recruitment and retention difficult.

## Families can't

### afford more.

**12-32% of income** is spent on child care; **infant care** costs more than state college tuition.



# The child care crisis: Impact on working families.



**35%**  
Left a job



**90%**  
Say costs  
have increased



**82%**  
Missed work



**73%**  
Report child care  
options decreased

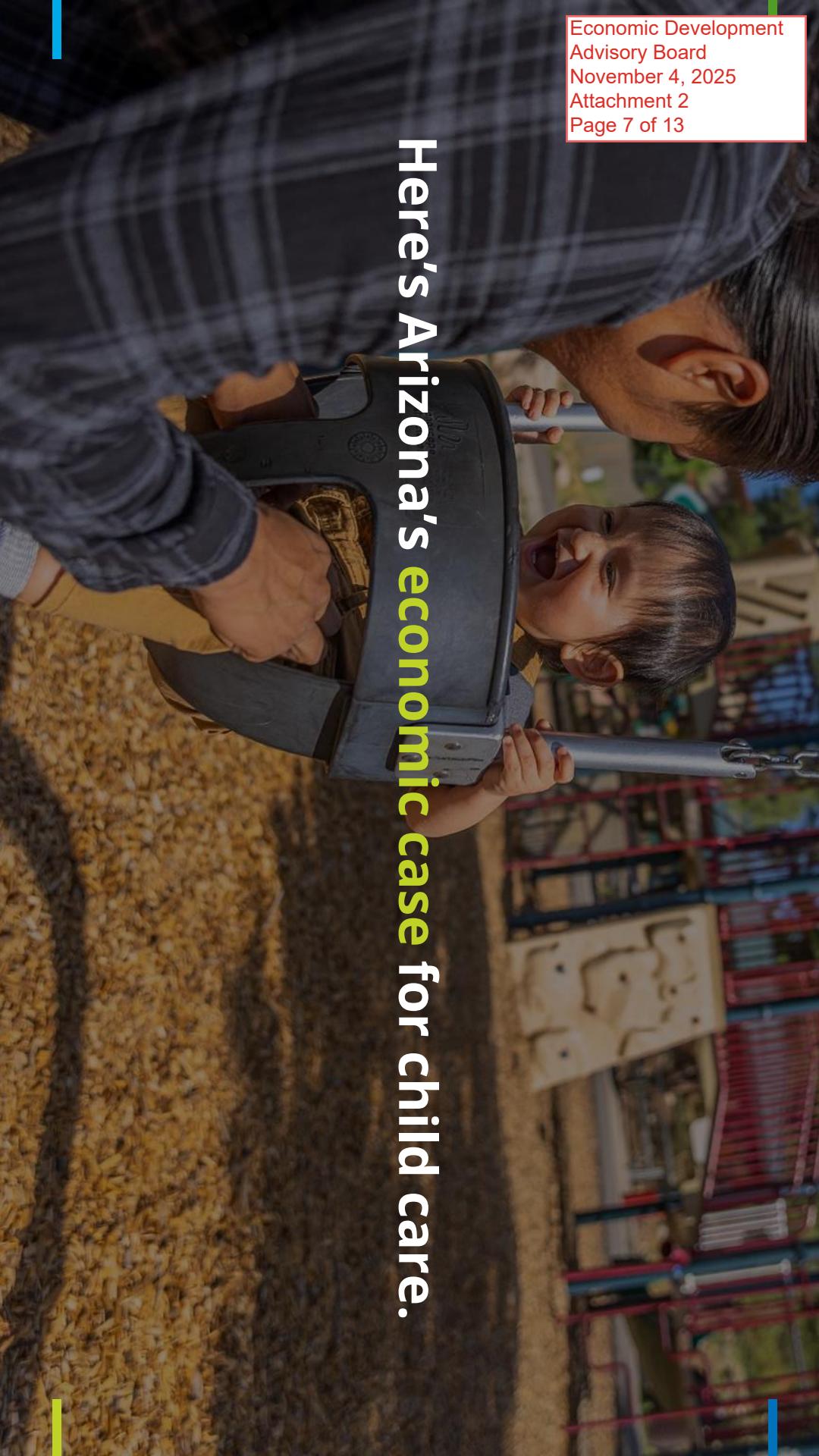


## 17% child care gap in Mesa

- 33,887 children aged 5 and under.
- 23,746 children live in home where both parents work.
- 14,482 available child care slots with licensed providers.



# Here's Arizona's economic case for child care.



# Economic Impact of Early Childhood

# FIRST THINGS FIRST

# Arizona's economy loses **\$4.7 billion annually.**

## **Families lose**

**\$3 billion annually**  
in earnings and job  
search expenses.

## **Employers lose**

**\$958 million**  
annually due to  
absences & turnover.

## **The state loses**

**\$725 million**  
annually in  
tax revenue.



# Arizona community based solutions

## PEEPS

**funds 1,600**

## scholarships

in Pima

County through library

property tax

## Tempe PRE

**serves 200**

Preschoolers

through Tempe City

Council funding

## Greater Yuma

## Child Care

## Taskforce

convened by economic

development group



# conomic impact of First Things First

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**\$324 million**  
Economic output



**\$8.5 million**  
State revenue



**\$9.7 million**  
Local tax revenue



**2,800**  
Jobs supported



**Read more:**

FTF investments contribute over \$300 million annually to economy



# How can you support?



## 1. Connect through our **Child Care Solutions for Businesses page.**

Find resources to support employees

Calculate the financial impact  
on your business

Connect with FTF to learn about  
community-based solutions

## 1. Advocate for more **public support.**



Thank you.



FirstThingsFirst.org

